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Tunik's report to hit banks on shares

By AVI TEMKIN
Post Economic Reporter

The Bank of Israel, the commercial banks and former finance minister Yoram Aridor will be sharply criticized in State Comptroller Yitzhak Tunik's report about last October's collapse of the banks shares, *The Jerusalem Post* has learned. The report is due to be published in a few weeks.

Knowledgeable sources say the report states that the Bank of Israel gave timely warning about the dangers in the policy of manipulating the prices of bank shares in order to increase their yields.

But the report will also state that the bank could have done more to prevent the situation from reaching the proportions it did.

The sources also say that the report will state that the central bank did warn several times that manipulation of bank share prices was undesirable, but that it took no remedial action.

The commercial banks apparently will be criticized for not warning the public in time and for even encouraging it to buy bank shares by flooding to manipulation in their prospectuses.

The report, the sources also say, will cover the entire period leading to the October crash, and will state that price manipulation should have been abandoned much earlier, even at the beginning of the 1970s, when it started.

The sources add that Aridor will come off poorly in the report, since it will state that the Treasury not only did not oppose manipulation but on several occasions even encouraged

The main charge against Aridor is his aides is that they consistently refused to devalue the shekel until was too late, causing a run on the dollar, which brought on the crisis.

The report will state that during the crisis, the Treasury ignored the central bank's calls for devaluation of the shekel. Only then did the bank take measures to stop practices encouraging inflation.

According to press reports yesterday, Bank of Israel Governor Moshe Uzielbaum is studying a preliminary draft of the report.

He observes say that Mandelbaum has evaded responsibility whenever a major economic crisis loomed, but the report could be a very difficult challenge. Observers also point out that the report may also hurt Aridor, who tried to make a political comeback after during the next few days.

ack market dollar mps to IS390

Post Economic Reporter
Public apprehension about impending economic measures yesterday sparked a sharp rise in the demand for foreign currency, sending black-market price of the dollar to IS390, an increase of about 10 cent since the weekend.

The increase in the black-market is expected to continue, since public apparently believes the government will take immediate economic steps.

The Bank of Israel and the Treasury have speeded the devaluation of the shekel for the past three days. Yesterday the shekel was devalued 1.1 per cent against the dollar, a stock market report, Page 7.)



Prime Minister Yitzhak Shamir and prime minister designate Shimon Peres speak to reporters outside Shamir's home after their latest round of unity talks yesterday afternoon. (Rahamim Israeli)

Haifa city employees on indefinite strike

By DAVID RUDGE
Jerusalem Post Reporter

HAIFA. — The municipality's 5,000 employees intend to start an indefinite strike this morning in protest against not receiving their August salaries on time. They were due to receive their salaries yesterday.

All municipal departments will be closed, as will the Carmelit subway — which carries some 10,000 passengers up and down Mt. Carmel each day.

The chairman of the municipal workers committee, Moshe Sharoni, told *The Jerusalem Post* last night that the employees could not afford to receive their wages even a day late, because of rapid inflation. So far City Hall has given no indication when their salaries will be paid, he said. *The Post* has learned that the city has run up a debt of some IS1.5

billion — much of it money owed it by the Interior Ministry — and banks are not prepared to extend any more credit.

Worst affected by the strike will be the government-municipal Rothschild Hospital, which will operate on a Sabbath schedule. Avraham Strulov, chairman of the hospital workers committee, said only emergency cases would be admitted, and many departments, including outpatient clinics, would be closed.

The 1,000 hospital workers, including doctors and nurses, receive their salaries from the Health Ministry via the municipality.

Teachers will report for work as usual today, but auxiliary school staff — secretaries, cleaners and kindergarten assistants — will be on strike. It is expected that kindergarten pupils will be sent home early.

Hurvitz turns down Labour over deputy finance post

By MICHAEL YUDELMAN
Jerusalem Post Reporter

Ometz leader Yigal Hurvitz yesterday rejected an unofficial approach by Labour Party representatives who offered him the post of deputy finance minister, *The Jerusalem Post* learned.

Ometz sources said that Hurvitz, who wishes to be finance minister, would not be able to carry out his economic policies as deputy.

Hurvitz was not approached officially by anyone to join the national unity government and said yesterday that he was not concerning himself with the issue.

"If they want me to take part in the government, they know where to find me. I'm sure they haven't forgotten my name," he said yesterday. "I'm so pleased that they agreed

on a national unity government, at last, that it doesn't matter now what part I'll have in it. After all, it was I who urged the big parties not to give the small ones anything," he said.

Hurvitz noted that he had made no prior agreements with the Alignment except that he would not participate in a narrow Likud-led government.

Labour Party figures have repeatedly explained that they would offer Hurvitz a cabinet economic portfolio — if not for his unwavering support of Jewish settlement in Judea and Samaria.

The Labour men say that given the delicate balance within the unity cabinet on this issue, they cannot afford to risk Hurvitz's voting with the Likud and possibly tilting the balance in its favour.

One SLA soldier killed; 68 Ansar inmates freed

By MENAHEM HOROWITZ
Jerusalem Post Reporter

METULLA. — A South Lebanon Army soldier, formerly of the Phalange, was killed in Sidon yesterday by light-arms fire directed at him from a passing car.

One day after the SLA took over responsibility for Nabatiya, a rocket-propelled grenade was fired at an SLA roadblock in the town. No one was hurt.

In another incident yesterday, an explosive device was thrown at an Israel Defence Forces roadblock three kilometres south of Tyre. No one was hurt.

The IDF yesterday released 68 persons from the Ansar detention camp in South Lebanon, on the eve of the Muslim holiday of Id al-Adha. Israel is holding some 800 people, most of them Palestinians and Lebanese, at the camp.

Peres, Shamir could present unity government next week

Jerusalem Post Political Staff
Premier-designate Shimon Peres said last night that he was now engaged in a series of "working meetings" with Prime Minister Yitzhak Shamir over the "structure and composition" of the unity cabinet.

Shamir and Peres held two private meetings yesterday, against a backdrop of intense struggle between parties and lobbying within parties for cabinet posts.

Shamir indicated after the second meeting that the unity accord would

be ready for submission to the decision-making forums of the various parties by the beginning of next week. Presumably, therefore, it will be presented to the Knesset on Tuesday or Wednesday.

Last night Likud and Labour legal men were putting the finishing touches on the government's policy platform, taking special care over the delicately balanced formula regarding settlements in Judea and Samaria.

Likud and Labour were also collaborating — on the level of the two leaders and at lower-level consulta-

tions — over their joint problem of how to incorporate various "satellite parties" in the cabinet while at the same time preserving "parity" between them, especially on the issue of settlements.

Ideally, it seems, Shamir and Peres would like to keep the cabinet down to 20 ministers. But the Likud has pledged a seat to Shas — and, unless this is to be subtracted from the Likud's own allocation, it will have to be balanced by an additional seat to Labour or a Labour satellite.

The National Religious Party continues to present problems, too, with

its demand for two cabinet seats and its insistence that it hold the religious affairs portfolio.

In addition, Labour is unwilling to have the NRP minister, who may well be Yosef Burg, hold the balance in cabinet votes, given Burg's relative hawkishness on the question of settlements.

The Likud yesterday signed a pact with Agudat Yisrael, but the terms do not signify any important shift in the religious status quo, which is a central policy plank in the unity government.

Likud portfolio ratio: 1 minister to 4 MKs

By ASHER WALLFISH
Post Knesset Correspondent

The Likud intends to divide up the 10 cabinet seats it will get under the agreement with the Alignment by assigning six to Herut, three to the Liberals and one to La'am. *The Jerusalem Post* learned yesterday.

According to the ratio of one minister to four Knesset Members, the six cabinet seats for Herut are in approximately correct proportion to its 25 MKs; the Liberals' three cabinet seats similarly accord with their 13 MKs; while La'am, with three MKs, has the right to 0.75 of a cabinet seat.

The Herut cabinet seats will go to Yitzhak Shamir, David Levy, Moshe Arens and Ariel Sharon for certain. Another two cabinet seats will go to two of the following: Moshe Katzav, Yoram Aridor, Michael Dekel and Ronnie Milo, with Yigal Cohen-Orgad and Haim Corfu trailing way behind in the race, practically out of it.

Of the Herut ministers, Sharon will be the most disappointed, and Herut circles say he will most likely raise a rumpus in the party central committee. Sharon spoke to Kol Yisrael from New York yesterday morning and said he does not agree with Shamir's getting the second 25 months as premier or with Labour's

Yitzhak Rabin's serving as defence minister for the full term. Sharon will not get any of the cabinet portfolios he would like: not defence, which goes to Rabin; not housing, which goes to Levy; not agriculture, which goes to a Labour man.

The Post learned that Shamir accepted with great alacrity Peres's demand to take agriculture for Labour.

Herut may put Katzav higher on the list of cabinet hopefuls, as a counterweight to Meir Shitrit, who generates opposition in some party circles.

Corfu is out of the running for the cabinet, because he lacks a strong following in the party. Cohen-Orgad is out of the running, because his colleagues consider him just as much a flop in the Finance Ministry as Aridor was before him.

When the Herut central committee meets to choose the six ministers and approve basic policy guidelines, Sharon, Levy and Aridor are expected to stir up some ferment. But Shamir will find a strong ally in Arens and will also find that most of the rank and file are on his side.

The Liberals will put Yitzhak Moda'i, Moshe Nissim and Avraham Shafir into the cabinet. Gideon Patti, now minister of industry and trade, will fall by the wayside along with Pessah Grupper and Sara Doron.

Grupper is now agriculture minister and Doron is a minister without portfolio.

Although La'am's Eliezer Shostak, the present health minister, has the best chances of staying on to represent La'am in the cabinet, the prospects that Ehud Olmert will get the job cannot be ruled out.

The National Religious Party, in meetings yesterday with Likud and Alignment representatives, demanded a minimum of two cabinet seats: interior and religious affairs. However, according to the ratio of one minister to four MKs, both the Likud and the Alignment do not wish to give the NRP two ministers. They both argue that to give to ministers to the NRP would mean giving two to Shas and one to Morasha (which may not finally enter the coalition, it seems).

The Alignment and the Likud also contend that the NRP has been making a tremendous fuss about its alleged role in cementing the national unity coalition, when in fact its role was marginal.

The Alignment seeks to neutralize (Continued on Page 2, Col. 2)

Levy boosts 'absolute parity' in national unity government

Jerusalem Post Reporter

Deputy Prime Minister David Levy last night asserted that the government "must not turn into a general debating club. That is why we must have absolute Alignment-Likud parity in the makeup of the so-called limited cabinet."

Speaking on Israel Television's Moked interview programme, Levy vehemently denied reports that he had fought to undermine negotiations for a national unity govern-

ment. "Some of my closest associates got that impression from the tough opening stand I took on certain Likud principles" — notably, Jewish settlement in the administered areas.

To prove how sincere he had been in espousing the national unity idea, Levy disclosed that on the very first day of the negotiations he had told Prime Minister Yitzhak Shamir, "I yield in advance, any claims to be foreign minister if this would ease the way for a national unity government. But we must stand on our policy principles."

Levy saw as a great victory the inclusion of the term "development" along with "existence and security" in the agreement with the Alignment on Jewish settlement in Judea and Samaria. Nevertheless, he admitted that the pace of new settlement "will probably be governed by the general economic situation."

As an example of how forthcoming the Likud had been, Levy pointed to its yielding on Peres's (Continued on Page 2, Col. 1)

Labour Party factions jostle for cabinet posts

By ROY ISACOWITZ
Jerusalem Post Reporter

TEL AVIV. — Labour Party branches and factions began jostling for position yesterday as the party prepared to choose its cabinet members.

Labour sources said that the final choice will be made today or tomorrow by prime minister-designate Shimon Peres, in conjunction with senior colleagues, Yitzhak Rabin, Yitzhak Navon and Haim Bar-Lev.

Among those pressing for cabinet representation yesterday were the United Kibbutz Movement, the Moshav Movement, Labour's women members and the party branches. Other party activists banded together in informal pressure groups to support candidates of their choice.

The proposed coalition agreement between the Alignment and the Likud guarantees cabinet places to Peres and Rabin, the former as prime minister for two years and afterwards as deputy prime minister and foreign minister, and the latter as defence minister. That leaves eight cabinet posts to be filled by a far larger number of Labour hopefuls.

Peres and Prime Minister Yitzhak Shamir have reportedly agreed that the agriculture and education portfolios will be held by the Alignment, while the justice and housing portfolios will be held by the Likud. The rest of the posts are still to be divided up.

According to Labour sources, the education portfolio has been promised to Navon, who was Labour's candidate for foreign minister in a narrow government. The agriculture post has been claimed by the Moshav Movement for MK Arye Nehamkin.

though the United Kibbutz Movement also has designs on the post for its co-secretary, Yosef Perlmuter.

Given the paucity of positions available, the UKM will probably have to be satisfied with one minister, in which case its candidate is MK Ya'acov Tsur, of the UKM's Me'uhad wing. Tsur's preferred post would be education, but, failing that, he is regarded as well suited for the labour and social affairs portfolio.

As compensation for only the Me'uhad wing's being represented in the cabinet, the UKM's Ihud wing is likely to demand a senior non-cabinet post, possibly party secretary-general, for its representative, MK Abraham Katz-Oz. However, Katz-Oz faces stiff competition for the post from other party luminaries. They include MKs Uzi Baram, head of the Jerusalem branch, Mordechai Gur and Michael Harish.

Peres is coming under strong pressure to find a suitable portfolio for MK Abba Eban, who has lost considerable ground since Peres promised him the foreign ministry. *The Jerusalem Post* has learned that an influential group of party and Knesset faction members have made it known that they will have difficulty supporting the government if Eban is not represented in it.

The likeliest post for Eban would be minister-without-portfolio with special responsibility for news media and information and with a senior foreign-policy role. It is understood that Rabin supports such an arrangement.

Other likely Labour portfolios and personalities are MK Gad Ya'acobi as minister of industry and (Continued on Page 2, Col. 6)

Hillel's up-and-down hopes for speakership down again

Post Knesset Correspondent

Alignment Knesset Member Shlomo Hillel's hopes of getting the speakership of the Knesset were again clouded yesterday, in the wake of rumours that the leaders of his own Labour Party might be making a deal behind his back.

Hillel was unanimously nominated for the post by Labour earlier in the week.

Interim Knesset Speaker Abba Eban announced yesterday that next week's plenum agenda included the election of the permanent Speaker. However, circles close to Hillel are concerned at rumours that the election might be postponed.

Likud sources said yesterday that

the Speaker's job should be assigned as part of the comprehensive coalition deal between the factions. These sources said the Likud would probably propose Haim Corfu, present transport minister.

If the job of Speaker becomes available for inter-party deals, a National Religious Party candidate may also be put forward. The names of Interior Minister Yosef Burg and of MK Avner Sciaky are both being mentioned.

Since both the Likud and the Alignment refuse to let the NRP have two cabinet seats, additional jobs like the speakership may well be offered as compensation.

Canada's Conservatives in 211 out of 282 seats

TAWA (Reuters). — Canada's conservatives crushed the ruling Liberals to win Tuesday's general election and form the biggest major government in the country's history.

The landslide victory was a personal triumph for Brian Mulroney, who took control of the opposition Progressive Conservative Party only months ago despite never having held political office. His first official job will be that of prime minister.

Canadians, casting a resounding vote for change after 20 years of most continuous Liberal rule, gave the Conservatives 211 of the 282 seats in the British-style House of Commons.

Liberal leader John Turner, who took over as prime minister two months ago on the retirement of Pierre Trudeau, ended election day as the country's shortest-serving head of government this century.

But he gained some personal consolation by being one of only 40 Liberals to win a seat. Thirty seats went to the left-leaning New Democratic Party and one to an independent.

Mulroney, speaking to cheering



Brian Mulroney

supporters in a hockey arena in his hometown of Baie-Comeau, Quebec, hailed "a brand new day for this wonderful Canada."

He pledged to make job creation his priority in a country where one person in nine is unemployed and urged foreign investors to show renewed confidence in Canada. (See profile Page 4.)

18 die of food poisoning in England

WAKEFIELD, England (Reuters).

Eighteen persons have died in a mysterious food poisoning outbreak at a psychiatric clinic in this west Yorkshire town, health officials said yesterday.

A spokesman for the Wakefield Health Authority said the infection, with salmonella-type symptoms, had affected more than 300 patients and several dozen members of staff at the Stanley Royd Hospital since it broke

out 10 days ago.

"A total of 18 patients have died and all deaths have been reported to the coroner as a matter of routine," he said, adding that 46 persons were still showing food poisoning-type symptoms.

Inquests have begun on the mainly elderly victims, but were adjourned yesterday pending further investigation after several more deaths last night.

Porat: IBA needs \$7m., may go commercial

By GREER FAY CASHMAN
Jerusalem Post Reporter

It will cost at least \$7 million to modernize television and radio buildings and equipment, Israel Broadcasting Authority director-general Uri Porat told the IBA board of directors yesterday.

Porat added that if the government is unable to raise the money through grants and loans, Israel TV will have to go commercial and sell air time.

Reporting to the weekly meeting of the board, Porat estimated that the bill for replacing obsolete recording equipment will be around \$2 million. He said that there are 30 machines that continue to function

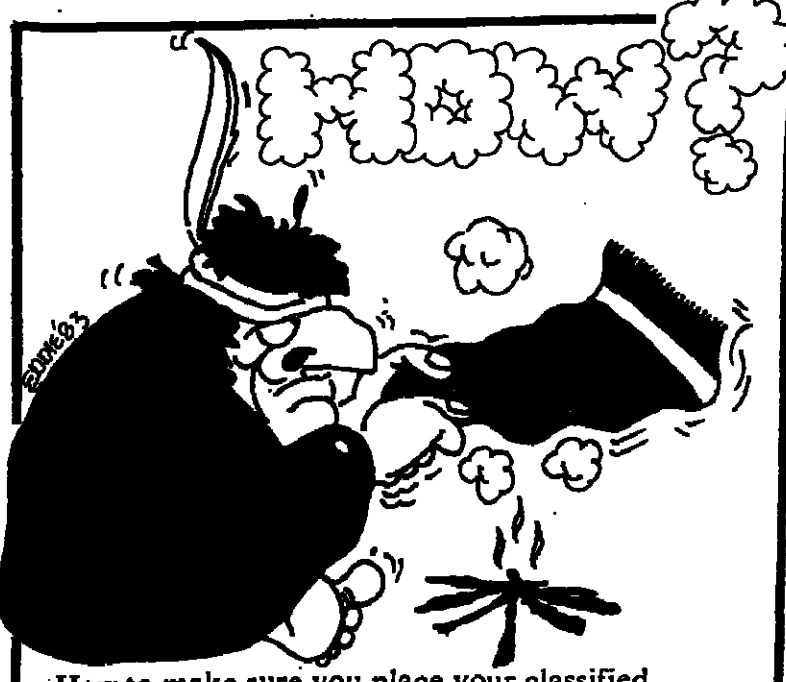
only thanks to the skills of technicians, whose innovative talents are constantly tested in keeping equipment in working order.

Eight inside and two outside radio stations are in urgent need of renovation, said Porat, adding that external transmission equipment has to be updated. Kol Yisrael's development budget of \$40,000 covers only 2 per cent of its immediate needs.

Porat disclosed that even larger outlays are needed for television improvements. New equipment alone, he said, will require a \$3 million budget, adding that mindful, however, of the government's dwindling finances, the IBA has ap-

plied for only \$650,000. A plan approved three years ago for the construction of a large, modern television studio at Jerusalem's Binyanei Ha'uma was not implemented, because there was no one to underwrite the \$3 million price tag.

In the discussion on the proposed suspension of Saturday soccer coverage by radio and television, resulting from the heavy increase in fees for broadcasting rights demanded by the Israel Football Association, IBA chairman Micha Yonon expressed amazement at the fact that the IBA has to make any kind of payment. The situation should be reversed, he said. The IFA should pay the IBA for helping to publicize the sport, the teams and the players.



How to make sure you place your classified advertisement in time for tomorrow's Haluach Hehadash: Just take your ad to any advertising agency, or to an office of Ma'ariv or Ha'aretz (or call 03-439380) and it will run in Hebrew in those papers. Hand it in early enough to make sure it reaches the office of Haluach Hehadash before 4 p.m. and your ad will also appear in English in the Jerusalem Post. Beat that deadline!

The weather at major Swissair destinations

	5.9.84	MIN.	MAX.	
AMSTERDAM	17	13	20	Cloudy
BRUSSELS	18	14	22	Cloudy
BIRMINGHAM	19	15	23	Cloudy
COPENHAGEN	18	14	22	Cloudy
FRANKFURT	18	14	22	Cloudy
GENEVA	18	14	22	Cloudy
HELSINKI	18	14	22	Cloudy
LONDON	18	14	22	Cloudy
MADRID	18	14	22	Cloudy
MONTREAL	18	14	22	Cloudy
NEW YORK	18	14	22	Cloudy
PARIS	18	14	22	Cloudy
RIO DE JANEIRO	18	14	22	Cloudy
SAO PAULO	18	14	22	Cloudy
STOCKHOLM	18	14	22	Cloudy
TOKYO	18	14	22	Cloudy
VIENNA	18	14	22	Cloudy
ZURICH	18	14	22	Cloudy

*For the latest weather conditions contact Swissair.

Swissair

THE WEATHER

	Forecast	Partly cloudy to fine
Jerusalem	49	16-29
Golan	42	17-31
Nahariya	53	18-29
Safed	65	25-28
Tiberias	63	21-35
Nazareth	59	19-30
Afula	59	21-31
Sharon	45	19-31
Tel Aviv	61	23-29
B-G Airport	59	22-30
Jericho	50	23-27
Gaza	68	22-28
Beer Sheva	45	24-32
Eilat	80	24-37

SOCIAL & PERSONAL

Tel Aviv Mayor Shlomo Lahat will address the Rotary Club at the Tel Aviv Hilton at 1:15 p.m. today.

W. German president invites Jews to visit

Jerusalem Post Correspondent BONN. — German Federal Republic President Richard von Weizsäcker yesterday called on Jews over the world to visit "the new Germany." He was speaking at his reception for an American Jewish Committee delegation. Headed by AJC national vice-president Howard Gilbert, the delegation has been touring Germany for four days.

Deferre due in Haifa next week for visit

Jerusalem Post Reporter HAIFA. — French Minister of State Gaston Deferre is to visit here as a guest of Mayor Arye Gurel next Thursday, the municipal spokesman announced yesterday.

LEVY BOOSTS

(Continued from Page One)

demand for a full 50-month term for Yitzhak Rabin as defence minister. Levy refused to predict how long the "50-month" government would last. "True, it's not a Catholic marriage. Nevertheless, I wouldn't go as far as Shimon Peres and fear it will become a national paralysis government," he quipped.

'Crackers blackmail' leads to shop owner's arrest

RISHON LEZION (Itim). — The owner of a local minimarket was arrested yesterday after the husband of one of his customers complained to police that the man had tried to blackmail his wife because of a package of crackers.

Weinstein want more pay rises for MKs

Jerusalem Post Reporter Most of the Knesset Finance Committee members were angry after MK Ariel Weinstein proposed improving the pay conditions of deputy ministers, ministries' directors-general, judges and Knesset members.

Student assaulted for living with 'half-Arab'

TEL AVIV (Itim). — Two young men broke into the apartment of a student here yesterday, cut his face with knives and threatened to kill him if he continued to live with a flatmate whose father is an Arab, he told police.

TEACHERS. — Sixty retired teachers have volunteered to teach in Jerusalem schools for between 4 and 12 hours.

HOME NEWS

Angry settlers threaten strike action

Jerusalem Post Reporter Angry Jewish residents of Judea, Samaria and the Gaza District who fear for the future of existing new settlements in the face of stringent budget cuts are threatening strike action in their fight for more money.

This was the immediate reaction in their ranks after repeated attempts to get more funds released had failed.

Their representatives were in the Knesset last night lobbying for a last-minute reprieve from the cuts they face as part of the agreement between Labour and the Likud to form a national unity government.

But some of them were already speaking of reverting to the old Gush Emunim tactics of establishing settlements by subterfuge and even contrary to government decisions.

Arens tells High Court Zorea findings are secret

By DAVID MANDEL Jerusalem Post Reporter

All findings of the Zorea commission on the deaths of the two Gaza District men who hijacked a bus near Ashkelon last April and were apparently beaten to death are classified for security reasons, Defence Minister Moshe Arens has determined. He was responding yesterday to a petition submitted to the High Court of Justice by relatives of the dead men.

The relatives asked the court to order the defence minister to explain why they could not see the detailed findings of the commission, appointed after press reports and photographs indicated that the men were taken off the bus alive, contrary to the Israel Defence Forces spokesman's initial announcement.

The petitioners also asked why no one has been charged with killing the men. The court had virtually no choice but to accept Arens's ruling on the men.

Motorcyclist dies after head-on crash

REHOVOT (Itim). — Elihu Mamiya, 17, of Rishon LeZion died last night of injuries suffered when the motorcycle he was driving collided head-on with an Israel Defence Forces command car at the IDF base at Tzrifin on Tuesday.

The vehicles collided on sharp curve. Mamiya was taken to the nearby Assaf Harofeh Hospital, where his injuries were first thought to be light. However, his condition worsened during the night and he died before morning.

Another 17-year-old boy was injured in a car accident on Tuesday night. The police say the boy, employed as a watchman at the Vulcan battery factory near Tefen in Galilee, stole a car from his place of work and apparently lost control and drove off the road near Tefen. The car overturned and caught fire.

Yesterday at dawn traffic policemen found the boy lying injured beside the road, with the stolen car a burned-out wreck nearby. The boy was taken to Nahariya Government Hospital.

LIKUD RATIO

(Continued from Page One)

the danger that the NRP vote (or votes) in the cabinet will go with the Likud, by an agreement with the Likud whereby all major issues of settlement and the peace process would be referred to the proposed inner cabinet, from which it wishes to exclude the NRP.

Shas was pressing yesterday for the religious affairs portfolio. Its ranking MK and the man apparently hoping to get the post, Rabbi Yitzhak Peretz, reasoned that the religious portfolio is suited to Shas's character. The party is too inexperienced, he maintained, to hold other ministries — while the NRP, a veteran political movement, had proved itself in other ministries.

"Could one of us be minister of police, for instance?" Peretz asked. This consideration of relative inexperience is not daunting Shas, however, from seeking two deputy ministries, or at least one, in a "secular" ministry.

In talks with Shas yesterday, the Likud countered its demand for religious affairs by arguing that Shas was promised this portfolio only in the context of a narrow government, not in a national unity coalition, where it would give the NRP the first choice.

Agudat Yisrael yesterday signed its bilateral agreement with the Likud, giving it the same clauses in the coalition agreement that it got in 1981 concerning the status quo on religious affairs, the amendment to the Law of Return, and the Archaeology Law.

Aguda MK Menahem Porush will be deputy minister of social affairs

whether to debate Weinstein's proposal or to accept the motion by MK Mordechai Bar-On (Citizens Rights Movement) to drop the issue altogether.

Father held for indecent acts on 2 daughters

BEERSHEBA (Itim). — A Beersheba man, aged 59, was ordered detained for 15 days yesterday after his wife complained to police that he had committed indecent acts on their two daughters. Beersheba Magistrates Court Judge Zvi Segal also ordered that the man be given a psychiatric examination during his detention.

REMISSION. — King Hassan of Morocco has granted remission to 219 prisoners in a traditional measure of clemency to mark today's Muslim feast of Id Al-Adha, the Moroccan news agency Map said yesterday.



White wolf cub is fed at the Tel Aviv University zoological centre. The cub, one of a litter of five recently born, was separated from its mother and is to be raised by humans in order to prepare it to "cooperate" in research projects. (Michal Roche-Ben Ami)

Arens inspects SLA's Nabatiya takeover

TEL AVIV (Itim). — Defence Minister Moshe Arens yesterday said he was pleased with the South Lebanon Army's deployment in the Nabatiya area. The minister visited Nabatiya yesterday and observed security arrangements in the area.

Arens also met with SLA Commander Antoine Lahad and heard from him about his forces' deployment in other areas. Lahad said he hoped the SLA army would have full control of Nabatiya soon, and that his soldiers have so far been well received by the town's residents.

Arens called the SLA takeover of Nabatiya "another link in a chain" and said he hoped the SLA would replace the IDF in more of Lebanon.

The minister also visited the Batei Shouf border crossing, and observed new arrangements for Lebanese residents' passage there.

About 1,000 people cross at the border station daily, and the IDF is doing all it can to ease their passage.

An IDF unit yesterday crossed the Awali river for a limited period. The IDF spokesman described the incursion as routine and said it was unconnected to fighting between Druse and Christian militias in the region.

arrested, but only 12 are now in custody. Two of them are minors, aged 17.

Court says 'no' to 4 Umm al-Fahm residents

Jerusalem Post Staff and Itim

HAIFA. — Dozens of persons demonstrated outside the Haifa District Court yesterday as 12 Umm al-Fahm residents inside the court appealed against the decision of the Hadera Magistrates Court to extend their detention on suspicion of having attacked policemen during an illegal demonstration on the day MK Rabbi Meir Kahane tried to enter the village.

The police stopped Kahane, but not before fighting broke out between them and demonstrators. More than 20 of the latter were

Judge Eliezer Bar rejected the appeals of the two minors and two adults. The appeals of the other eight will be heard on Sunday. Bar decided.

The demonstrators outside the court, both Arabs and Jews, carried placards and chanted slogans against fascism and racism. They wanted the detainees freed. The demonstration was noisy but peaceful, and the crowd dispersed quietly when the hearing inside the court ended.

4 killed in attempt on life of Lebanese cabinet minister

BEIRUT. (AP). — Education and Labour Minister Selim Hoss escaped assassination yesterday, suffering only minor wounds when a car bomb exploded as he drove by on his way to prayers for the Id al-Adha feast. Four other persons were killed and 25 wounded.

The 55-year-old former prime minister was rushed to the American University Hospital where the facial and head cuts he suffered from flying glass were bandaged and he was treated for shock, police and hospital sources said.

But his driver, two police escorts and a woman pedestrian were killed instantly.

Hoss was in his black limousine driving in the West Beirut neighbourhood of Rouche to the house of Lebanon's chief Sunni Muslim religious leader when a car rigged with 120 kilograms of explosives was detonated by remote control, the police said.

He was to pick up Grand Mufti Hassan Khaled and the chief Shi'ite Muslim religious leader, Sheikh Mohammed Mehdi Shamseddin, to take them to the dawn prayers marking the beginning of Islam's feast of Kourban Bairam, the Feast of Sacrifice.

No one claimed responsibility for the explosion.

Sharon: 'Time' refuted by Kahan report

By WALTER RUBY Jerusalem Post Correspondent

NEW YORK. — Ariel Sharon yesterday testified in his \$50 million libel suit against Time magazine that the secret appendix "B" of the Kahan Commission report does not contain allegations printed by Time in February 1983 directly linking him to the massacres at Sabra and Shatila.

In reply to a question from Stewart Gold, a lawyer for Time, Sharon stated, "Appendix B does not contain any details of my visit to the Jemayel family after the assassination of Bashir Jemayel; it doesn't say I told the Jemayels... that I was expecting Christian forces to go into the refugee camps; and it doesn't say I discussed with the Jemayels the need for the Phalangists to take revenge for the assassination of Bashir."

Sharon did, however, admit that he told the Jemayels that Israeli forces would go into West Beirut.

Asked whether he was violating Israeli secrecy laws in his discussion of Appendix B, Sharon replied: "I felt this was so basic, that these points had to be emphasized... I believe this is something I could (legally) say."

Throughout the all-day testimony, Gold tried to get Sharon to admit that his reputation and credibility had already been badly damaged by the publication of the Kahan Commission report, so that the Time article could not be blamed for damage to his reputation. However Sharon stressed that the Kahan report had found him only indirectly responsible and could not be compared with an accusation of inciting to murder by an international magazine.

(The two sides failed to reach a compromise agreement under the mediation of Judge Abraham Sofaer. Kol Yisrael reported late last night. Both sides had prepared a draft compromise, which the other found unacceptable.)

The depositions are expected to end today and the trial is scheduled to begin on October 29.

Education Ministry hits Finance 'clerks'

By DVORA BEN SHAUL and LEA LEVAVI Jerusalem Post Reporters

The Education Ministry charges that Finance Ministry clerks have unilaterally frozen funds earmarked for education, although the ministers of education and finance have not agreed which funds should be frozen and which cut.

The Education Ministry spokesman, Yisrael Cohen, yesterday told The Jerusalem Post that this action is causing hardship to many pupils and their parents in disadvantaged areas where educational and social activities have been stopped.

Histadrut Teachers' Union Secretary-General Yitzhak Welber yesterday expressed support for the efforts of Education Minister Zevulun Hammer to get the funds released and to prevent further cuts in the education budget.

Earlier this week, the Treasury admitted there had been a delay.

On Monday, Hammer asked Finance Minister Yigal Cohen-Orgad to free money earmarked for neighbourhood rehabilitation projects.

According to Education Ministry officials, the total budget for these projects is IS3.8 billion, of which the Treasury has frozen IS3.8 billion.

Egypt spurns cash bid to break Israel accord

CAIRO (AP). — President Hosni Mubarak has rejected a Libyan offer of \$5 billion in return for abrogating the 1979 peace treaty with Israel, the semi-official newspaper Al-Ahram reported in its early edition today.

The Libyan offer carried to Cairo by an emissary of Libyan leader Muammar Gaddafi, would also have required Egypt to hand over a Libyan pilot who defected to this country with his military plane three months ago. The newspaper said Mubarak refused to meet the unidentified emissary upon learning of the content of the proposition.

Conflict-of-interest storm in Knesset finance body

By AVI TEMKIN Post Economic Reporter

Yesterday's Knesset Finance Committee session erupted in acrimony during the discussion of an IS10 billion aid package for exporters.

Committee Chairman Avraham Shaprio (Agudat Yisrael) took the floor, and began his speech by saying, "As an exporter..." He was immediately interrupted by Mapam MK Yair Tzaban, who felt that a conflict of interest exists when an exporter acts as chairman of a committee approving funds for exporters.

A heated argument then broke out, with some committee members — Liberal MK Yitzhak Seyger for one — coming to Shaprio's defence.

But Shaprio, clearly upset by Tzaban's remark, eventually decided he would not vote on the issue. He said, however, that he had lists of Knesset members' "hidden partnerships and deals" that showed far graver conflicts of interest than his own.

The export package was approved, without Shaprio's vote.

Further argument broke out during a debate on the transfer of some IS32b. to cover previous fuel subsidies. Alignment committee members made angry remarks about "the cost of election economics."

MK Haim Ramon charged Treasury officials with being partners in something "that was morally almost criminal" by allowing these subsidies when the country could not afford them.

The committee approved the transfer of funds.

The last exchange of the day came when La'am Likud MK Yigal Cohen tried to hasten the approval of a transfer of funds to institutions linked to Herut, among them Yekev, the Herut-run cultural club.

Ramon prevented the debate, which was not on the agenda, and then accused Cohen of trying to get money for Herut while crying publicly for budget cuts.

tion regarding rotation of the premiership and the policy guidelines of the unity government.

The CRM secretariat is to meet on Sunday to discuss the agreement, though there is little change that it will decide to participate in the government. Party leader MK Shulamit Aloni said last night that the only decision to make is whether the CRM will support the government in the confidence vote.

"If the government is indeed composed of all the religious parties, and if its policy guidelines are as reported, there is little chance that we will support it in the confidence motion," Aloni said.

Shinui is waiting for a formal announcement of the formation of the government before deciding on its participation. So far, the party has not been asked to participate and some Shinui sources said last night that the chances of the party's joining the government are slim.

Shinui MK Mordechai Virshupski last night described the proposed government as a "constitutional catastrophe," and said he believes that Shinui's place is in the opposition.

If Mapam, Shinui and the CRM decide against joining the government, and if Shas decides to leave the Labour party, the Alignment will bring 41 seats — 37 Labour, three Yabad and one Ometz — into the government. That is likely to be considerably less than the seats held by the Likud and the smaller parties — Shas, Agudat Yisrael and possibly Tami — with which it has signed agreements.

LABOUR FACTIONS

(Continued from Page One)

trade and Bar-Lev as interior minister, though the NRP is expected to fight to hold on to the latter. It is possible that police will be separated from interior and given to MK Moshe Shabail.

Labour's women members announced yesterday that "it is inconceivable" that there will not be a woman in the cabinet. The women may have to be satisfied with a deputy minister, though it is possible that either MK Ora Namir or MK Shoshana Arbeli-Almashanu will receive the Absorption Ministry.

Another Labour demand that is likely to be turned down is that of the Haifa branch, the country's largest, which said yesterday that it wants a representative in the cabinet. The branch's sole Knesset member is Shevah Weiss, who is not considered a cabinet candidate.

A position will have to be found for Yabad leader Ezer Weizman, who is unlikely to be satisfied with one of the junior ministries. Labour sources speculate that he will be a minister without portfolio, with special responsibilities for the peace process and relations with Egypt.

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HOME NEWS

Swaziland delegation inaugurates air service

high-level delegation of ministers and senior officials arrived yesterday from Swaziland on the inaugural flight of the first national airline operating to country, Israel's Maof charter company.

The delegation, led by Prince Mswati Dlamini, was met at Gurion Airport by Tourism Minister Avraham Shinar. It also included Swaziland's foreign minister, defence minister, transportation minister, communications minister, agriculture minister, secretary of state and other senior officials.

During their week-long visit they are expected to receive from the president and with the prime minister, defence minister and transportation minister. The delegation is also to



Acting Knesset Speaker Abba Eban yesterday meets at the Knesset with the visiting official delegation from Swaziland. (Rahamim Israeli)

Employment Service director says: There are jobs, but Israelis are too choosy

By AARON SITTNER

The unemployment problem is not out of control and the refusal of job seekers to accept available jobs is a greater threat than the shortage of jobs, State Employment Service director Baruch Haklai said yesterday.

The three-month freeze on government hiring, which is constantly being renewed, according to Haklai, "struck a mighty blow to Israeli over-employment," a condition that had existed here until late in 1979.

"Our industries - by embarking on market research to build up sales, could have absorbed the workers displaced by government hiring measures. Meanwhile, the laid-off workers get the necessary vocational training."

His year's "big problem," Haklai said, will be the hiring freeze by government ministries and local authorities. About 25,000 new workers will join the civilian labour force before year ends. Past experience shows that 40 per cent of people entering the labour force head for government or public-sector employment. He said that's our big problem this year.

"That's a more basic problem, he continued, is the continuing challenge of convincing people to take jobs even if these are of a type unrelated to training or their previous work."

He said Jewish job seekers are unwilling to

Burg pledges to aid local gov'ts

By ARYEH RUBINSTEIN

Jerusalem Post Reporter

Interior Minister Yosef Burg said yesterday that the financial difficulties of the local authorities stem from the country's economic situation in general.

But he promised that the government will see to it that authorities that act "with responsibility" are able to meet their obligations to the public even in this difficult hour.

Burg was replying to motions for the agenda presented by Shoshana Arbeli-Almosino (Alignment-Labour), Mordechai Virshupsky (Shinui), and Ran Cohen (Citizens Rights Movement).

The motions were referred to the still non-existent Interior Committee.

Burg said that in the last few years both the state and municipal budgets, in addition to deliberate cuts, suffered because expenditure was not fully adjusted to inflation.

Recent talks between the Finance Ministry and the Union of Local Authorities have led to an understanding that the funds for "hard" budget items such as wages, repayment of loans, and wage-intensive operations will be released monthly, and in the full amount, Burg said.

Ordinary budget items will be funded in accordance with the practice of government ministries, he said.

Burg said that with respect to this month, the Treasury has agreed to release close to IS11 billion to the

local authorities at the beginning of the month, and that this will go a long way in reducing the amount withheld by the Treasury.

Shevah Weiss (Alignment-Labour) moved that the motions be struck from the agenda. Motions on the plight of the local authorities had become a ritual in the Knesset, he said. But a large part of the problem was the reluctance to touch the sacred cow of "autonomy."

Objectively, Weiss said, there is no justification for Nes Ziona, Rishon LeZion, and Rehovot to be separate authorities instead of uniting in a larger body. And there are dozens of such examples, Weiss said.

But having made his speech, and apparently reluctant to offend the sponsors of the motions more than necessary, he then asked the Speaker not to put his own motion to a vote. And he voted to refer the subject to committee.

Perah project to continue

Deputy Education Minister

Norwegian Law' bill back after 10 years

Post Knesset Correspondent

Labour Knesset Member Michael Harish has retabled a bill he tabled just 10 years ago that would require cabinet ministers to resign their Knesset seats to make way for the next candidate on their parties' lists.

The measure he proposes, dubbed "The Norwegian Law" because something comparable exists in Norway's parliament, the Storting, would enable the minister to get his seat back if he resigned or if the whole government resigned.

Harish explains that without his measure, so many MKs would be busy at their cabinet duties that the Knesset would not be able to function properly.

Face-saving scheme ends Vulcan dispute

By YA'ACOV FRIEDLER

Jerusalem Post Reporter

HAIFA. - A face-saving, breathing-space compromise in the Vulcan Foundry dismissals dispute was hammered out by the Histadrut and the plant's new owners, the Ourdan company, on Tuesday night.

The company agreed to withdraw its request for an injunction preventing the 65 dismissed workers from entering the factory. The hearing was to have been held today.

The men were allowed to come to the factory, but without being promised that they would be paid.

Olim civil servants will not be fired

By JUDY SIEGEL

Jerusalem Post Reporter

Recent settlers who are civil servants will not be affected by the public sector manpower freeze, following a decision on Tuesday by senior government officials.

The decision was taken at a meeting of the appeals committee of the Civil Service Commission, at which Absorption Ministry acting director-general Ephraim Cohen and representatives of the Finance Ministry were present.

Cohen expressed his concern that many olim hired in recent years by government and other public agencies will find themselves unemployed unless a decision is taken to protect their jobs.

As a result of his appeal, it was decided that olim who are already working in the public sector and whose jobs are funded by the ministry's fund for employment advancement - and who started work before last August 1 - will continue to be employed by the government.

Voluntary groups give help to deaf children

TEL AVIV. - About 3,000 children of pre-school and school age who are deaf or hard of hearing will receive services this year from Micha and Shema, two voluntary associations that help deaf youngsters in their education and social adjustment.

Micha will provide about 350 pre-school children with private instruction in speech, use of their residual hearing and other vital communications skills.

Shema provides speech, equipment and hearing services and other after-school tutoring to school-age children.

The price of a hearing aid is now \$400 for each ear, which is a burden for many families. Micha and Shema are seeking donations to help families defray the cost of hearing aids.

President buys tickets in MDA lottery

President Chaim Herzog yesterday kicked off the annual Magen David Adom lottery by buying 200 tickets. They are to be distributed to wounded soldiers.

Addressing MDA officials and volunteers, Herzog praised the organization for its life-saving activities.

MOSHAV. - An ISRO postage stamp honouring Nahalal, the first moshav, was introduced this week by the Communications Ministry.

A new IS150 stamp bears the likeness of second World Zionist Congress president David Wolfson. Also appearing are the biblical women Hannah, Ruth and Hulda, on stamps worth IS15, IS70 and IS100, respectively.

Kahan urges broader use of sources in Jewish law

By DAVID MANDEL

Jerusalem Post Reporter

Retired supreme court president Aharon Kahan, has called for a change in the law to enable much wider use of Jewish law sources in interpreting legislation and judicial decisions.

Kahan called for amendment of 1980 Foundations of Justice which states that when no reference to a question of judicial interpretation can be found in Israeli law, a judge should rule according to "the principles of justice, equity and peace in the light of Israel (moreshet Yisrael)." A compromise between those who favoured explicit reference to Jewish law and secularists who used it, has been open to much controversy.

On the one hand, the argument has been made that Jewish law is too rigid to read its own answer as to the

Harnoi's father convinced him not to turn himself in

TEL AVIV (Itim). - The father of the accused and a ballistics expert yesterday testified for the defence in the murder trial of Yosef Harnoi, charged with shooting to death Aisha Bahsh, 11, last December in Nablus.

Avraham Harnoi, a private investigator who served for 16 years as a police officer, told the Tel Aviv District Court how he dissuaded his son from giving himself up. He testified that on December 25 - 17 days after the murder and four days before Yosef Harnoi was arrested - he discussed the crime with him for the first time.

The father said he was shocked when his son told him he was involved in the crime. "I told my son, Yossi: 'I command you not to turn yourself in, and if they arrest you - exercise your right to keep silent. I know how they get confessions in the police; it'll never be what the suspect gives in his testimony.'"

Avraham Harnoi further testified that he again dissuaded his son from coming forward, when a short while afterward two residents of Eilon Moreh arrived with a request from the attorney of Ephraim Segal - charged as an accessory - that Yosef turn himself in. "I told them I know very well who our police are," Avraham Harnoi testified. "I know them from the inside. The police will do everything it can to dump on my son, in order to prove he's guilty."

In order to guarantee his son fair treatment at a police identity parade, Harnoi testified, he made special

Recordings of unborn babies now available

By DAVID RUDGE

Jerusalem Post Reporter

IFA. - Expectant mothers will now be able to get a video recording of their unborn child as part of a new service being offered by a private clinic.

The service will be made available a few days by the Diagnostic Medical Imaging Centre (MAR), housed in the private Elisha hospital on Mount Carmel.

The video camera/recorder will be connected to an ultra-sound scanner and will record the fetus's movements and features.

Yosef Haimberg, managing director of MAR, said they have taken still pictures of fetuses of between 22 and 24 weeks old and "they have been beautiful."

Haimberg said that in addition to the regular fee for an ultra-sound examination, patients will have to pay a small charge for the video recording, and provide the blank cassette.

Prize - The management of the Zalman Shazar Centre in Jerusalem, headed by Justice Haim Cohn, has decided to award an annual prize, starting this year, for research on the history of the Jewish people.

Women's council hopes to get gov't funding

Jerusalem Post Reporter

he hope that it will eventually be funded by the government was expressed this week at the inaugural meeting of the National Council for Advancement of the Status of Women in Jerusalem.

Hebrew University law professor H. Lapidot, who heads the council, declared that "I did not want to start off by demanding a budget or I'd taken the position. With the I am sure we will be funded by government."

Although set up by the prime

Italian Navy will try to salvage sub sunk in Haifa Bay in WWII

specialized in underwater approaches to British Navy ships anchored in the Mediterranean, attaching the warhead of a torpedo to their sides under cover of darkness.

The Scire, then commanded by Lt. Commander Prince J. Valerio Borghese, scored its greatest success shortly before Christmas 1941, when it entered Alexandria harbour in Egypt, where the main British fleet was moored.

During the night of December 18, it launched three of its two-man human torpedo teams, and they sank

Italian Navy will try to salvage sub sunk in Haifa Bay in WWII

two battleships - the Queen Elizabeth and the Valiant, the last British navy had in the Mediterranean, as well as destroyer Jervis and an oil tanker, the Sagona.

The exploits of the six men were later evaluated as "legendary" and the men as having displayed "daring of unequalled nerve," giving Italy "clear naval superiority in the east-central Mediterranean."

After the attack, Borghese, an unrepentant Fascist who was elected to parliament after the war, was appointed chief of the flotilla and the

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Summer coat-dressing by Next (left), and athletic but sexy swimwear by Moi (right).

Turning point

reer Fay Cashman wraps up the events of Israel Fashion Week.

ONE OF the 49 manufacturers who brought their collections to Jerusalem's Larom Hotel last week for the annual Israel Summer Fashion Week came with high expectations.

Alarming declines in fashion and textile exports, recorded gloomily at the beginning of the decade, little optimism. There was nothing to suggest that August, 1984 would prove to be the turning point. There are any number of reasons for the sudden and totally unanticipated upswing:

economic recovery in Europe and the U.S., the quality of the merchandise, the calibre of the buyers, the venue, relaxation of import regulations in Sweden, the projected free trade zone agreement between Israel and the U.S.

One thing is certain: price was the most attributable factor to Fashion Week's success. During the recession period, buyers had become accustomed to driving hard bargains. Economic improvements notwithstanding, price resistance continued to haunt negotiations for designers, so that manufacturers withdrew from the austere policy of better to sell at a loss, than not to sell at all.

While Europe was going through the throes of economic chaos, Israeli manufacturers made a cold calculation that if they wanted to stay on the map of European markets until the bad times passed, they would have to spare themselves for profits taking nose dive.

Even if Israel's own economy had been stable, no company could have existed for too long on that basis. There's a limit on just how long anyone can go along barely breaking even, or worse still, running at a loss. But, given spiralling production costs and price increases for imported raw materials plus the daily devaluation of the shekel, even a genius would be hard-put to calculate a price which would satisfy the buyer and give the manufacturer a decent profit.

That's what stopped the Israelis from soaring into euphoria. Although 90 per cent of the exhibiting companies had encouraging volumes of orders in hand, no one had been paid in advance. Prices had been quoted for delivery dates many months away, and no one knew whether those prices would still contain profit margins, however small, by the time that shipments were ready.

Manufacturers used to quote — and get — four times the cost price per unit as recently as six years ago; now they're lucky if they can sell for twice the cost price.

Yet with all that, there were some amazing success stories. Buyers literally lined up in the corridor to gain access to the Pizi showroom, where export manager Esther Platok was near collapse from overwork. Officially, showrooms were open from 10 a.m. to 6 p.m., but Platok was doing business up to 11 at night.

At the end of the three-day event, Platok had more than DM 1.5 million on her books and by noon on the closing day, refused to take any more orders "because we were at the limit of our production capacity."

Only three weeks earlier, she had sold a million dollars worth of Pizi merchandise in Dusseldorf. The company forecasts that its 1984 exports will top \$2 million, more than doubling last year's \$800,000.

Pizi's secret is in simple lines and minimal gimmickry. More important is the company's forward approach. Whereas most competitors restricted their colour ranges to soft pastels, white, black and perhaps one or two shocking phosphorescents, Pizi included rich warm emerald, a distinctive petrol blue and full-toned coral. Buyers who had been confronted by an incessant flow of pale salmon pink and white were delighted by something different.

Not that the white and pink were off-putting. First-time participant Donna Gay produced its elegant masculine-inspired collection in these two colours only and did very well for itself.

The Israel Export Institute (IEI) had announced before the event that 200 buyers were expected. On opening day, it declared that around 150 had registered. In the final analysis there were only 135 buyers — a disheartening attendance compared to the years in which as many as 700 buyers descended on Tel Aviv. But, as Mira Shahar of MIF pointed out, "these were serious buyers. They didn't come to loiter around the swimming pool. They came to buy."

Their presence was not so visible on opening day, but after they saw the stunning fashion show at the Hebrew University amphitheatre on Mount Scopus, they were quickly spurred to take a closer look inside the showrooms.

The day after the gala opening, Jerusalem Mayor Teddy Kollek — who took time out of a busy schedule for a quick showman tour — asked Yael Matalon, head of the IEI's consumer goods division, whether the fashion show was just a glamour event or whether it genuinely gave a boost to business. Matalon replied that there was no doubt that there would be fewer sales without the show. Manufacturers agree. Twenty-nine companies thought it worth the investment of \$150 per garment (to show not to make) in the hope of attracting buyers' attention.

Unfortunately there were not enough buyers for leatherwear, which is truly the crown of Israel's fashion creativity.

Tali Gavish and Anat Hafetz introduced "windows" of wide netting not unlike a loose darn, to the Tadmor collection, with tiny sequins strung on the interlaced threads. Guy Fulop had the foresight to include a group of flecked simulated linens with tone-on-tone leather trim. The jackets based on battle-dress and bomber concepts were both lined and unlined, but all featured shoulder padding. Fulop and his wife Hava (a former Miss Israel), managed to fit Fashion Week into their schedule just before the birth of their first child, who was due to arrive some time during the first week of September.

There are inevitable comparisons between sensuously soft suedes and velvet. At Ero, one literally had to touch the gorgeous printed suedes to be sure that they were indeed suede and not velvet.

In sportswear lines, buyers were cautious about progressive fashion. Avant-garde styling came in for its fair share of kudos, but the plaudits were not translated into orders of any great volume. An exception to the rule was Glima which, contrary to the advice of the experts, included a selection of its signature line of ethnics which were snapped up by American buyers. Glima also did well with its brightly-coloured layered groupings available in single units of eased dresses and coordinated separates or as ensembles.

A wary attitude towards the outrageous was in fact anticipated, which is why designers concentrated more on texture play than on colour. In general, Mudo designer Irene Leibowicz confined herself to white, black and abstract black and white prints in asymmetric interaction in high class coordinated sportswear, with eye emphasis on wide, biased 'chastity' bands slanting from the waist to below the hip.

As hot as this past summer has been, someone in the know has obviously passed around the word that temperatures will be much lower in summer 1985. What other reason could there be for the proliferation of coats in so many collections? The only other plausible explanation is flattery. Loose, unstructured and flexible — not to mention lightweight — the coats swinging from the shoulders are chicly expansive, hiding the worst and highlighting the best to milady's figure.

The most interesting fashion phenomenon is the symbiosis of mannish styles and ultra-feminine fabrics. The tendency towards androgynous apparel was obvious last year, but designers were less capricious and seemed to be more conscious of male than female influences. What has happened now is that the lines are distinctly masculine, but the textures are utterly feminine. Jerry Melitz scored a tremendous hit for Terra by incorporating delicate broderie laces with coarser looking dishcloth fabrics in sweat-shirts. Melitz cleverly cut down on production costs by reintroducing sleeve gussets which convey the optical illusion of a wide dolman shape.

In other collections, including leatherwear, mannish blazers and pants were teamed with fine lace camisoles or wispy bras. Men's old-fashioned undershirts and long-johns continue to inspire scruffy-looking T-shirts and casual pants.

As a category in its own right, swimwear made the best combined sales splash. Manufacturers were lapping up orders and in most cases, buyers still affected by Olympic Games fever were opting for athletic, energetic styling in preference to the provocative plunge. This was yet another vivid illustration of the selective differences between department store and boutique buyers.

It's really too bad that the best sleepwear which Jerulin's Lena Katz has yet designed is unlikely to find its way to the domestic market, except perhaps as export surplus. Using the purest, finest cottons, Katz has borrowed extensively from street and sportswear shapes, which she has softened with pin-tucking, smocking and embroidery motifs.

"I got tired of traditional lingerie," she explained. What she meant to say was, recent tradition. Her sleep-shirts are exquisite reinterpretations of traditional Victorianiana. Her cropped, draw-string pajama pants are more than a little reminiscent of Victorian knickers.

Price-wise, according to Katz, there's no point in Jerulin distributing these dreamy dazzlers locally, because the way the economy is going, no one will be able to afford them.

The fashion merry-go-round being what it is, those firms which continue to supply the home front this week began a round of fashion shows to introduce the public to what's in store for autumn-winter wear. If they had trouble quoting summer prices in dollars, deutschmarks and sterling, how can they even begin to calculate winter prices in shekels?



Drawings by Eliahu Eilon

Paris chic

French fashion includes everything from the sublime to the ridiculous, Michelle Mazel reports.

AMIDST caviar and sparkling diamonds, the fashion houses of Paris are parading their new styles for fall and winter. Very few women throughout the world will wear their costly and often wildly impractical creations but millions will dream about them.

These collections make front-page news all over the world; glossy magazines are spending a fortune on special fashion issues which are immediately snapped up. Industrial spies have tried the most daring ploys to steal designs and ideas before the shows. Now that the models are out they will be copied — with various degrees of skill and accuracy — by thousands of dressmakers great or small.

Mode de Paris is still magic today... something to dream about, something to make money from. Fashion is an important money-making industry in France as behind the handful of big names still in business, there are hundreds of smaller firms cashing in on their world-wide reputations.

The big names themselves have all branched out into profitable sidelines: perfumes and cosmetics, stockings and foundation garments. Most of them carry a second, cheaper line of ready-to-wear clothing which is often more profitable than the haute couture itself for the exotic, elegant creations paraded in front of selected audiences are unbelievably costly. These fashions demand the best materials and the exquisite stitches of the best seamstresses.

Rising costs and the need to compete with others year after year are the reasons why so many houses of fashion have disappeared from the scene. The Japanese have accomplished wonders and are now well-entrenched in the fashion world, surpassing even the Italians. However this appears to be a good year for French haute couture, selling well because of the strong dollar.

What is new in this year's styles? Fortunately, for women who are on a tight budget, no clear picture is



emerging. The hemline seems to be getting shorter, but this is offset by the trend set by the ready-to-wear collections. As usual they were out far ahead of time, since they have to be available next month when the back-to-work rush starts.

This year the ready-to-wear collections resemble the post-World War II look, but since there is no longer a shortage of material, hemlines are going down — reaching well below the knee to "midi" length — and the overall picture is a square, mannish look. The winning combination: square shoulders with tight-fitting, mid-calf skirt, worn with a cardigan-style jacket. But there are also softer cow-neck blouses with long, full skirts.

Winter white is back in strength, but bright colours are "in" too, with bottle-green and luscious red the joint favourites. To brighten the stark winter styles, plenty of jewels are on display: cascading necklaces, elaborate bracelets and exotic brooches in a variety of dazzling colours.

Boots are still very much in demand but they have a softer look, are flat or low-heeled and made of supple leather. Shoes are low-heeled, too, and they have kept the pointed, Italian look.

These are the styles we shall see displayed in shop windows this fall. What about haute couture? Here are just a very few samples of what you could have seen had you been at Paris shows recently: Yves Saint Laurent likes his women flat and skinny and covered with princely jewels. He offered an interesting line in jump-suits — worn with furs, of course (His collection drew loud applause from the audience of the show I attended, which included the daughters of the late King Faisal of Arabia, sitting in the front row.)

Dior was all for the mannish look in bright, cheerful colours. Courreges had adopted mink for daily wear and Ungaro looked to past — and pastel — shades: clinging drapes and long gloves, chokers and lame with feathered head-dress. The hem stopped short of the knee.

The staid Hubert de Givenchy had his usual elegant and dignified style, but he did give way to impish whim and startled the audience with fur coats sporting yellow and orange streaks.

The House of Chanel startled even the most blasé by staging its show in the glittering foyer of the Paris opera. Karl Lagerfeld, who designs Chanel today, was his usual urbane self. There was room to spare for the selected few — a mere thousand — who partook later of a candlelight supper while watching the show after the show, a tightrope act over the celebrated stairway.

The show is now over for a few months but the dreams go on, all over the world, but especially in Paris. If you stroll through the streets of Paris this fall, you will probably see a detail, an accessory, something copied from the lovely and wildly expensive creations... the *je ne sais quoi* which has made Paris the world capital of fashion for so long.

The women of Paris, young and not so young, may not be wearing the latest creations of haute couture, but they do think and they take time on their dress; not money. Extreme care given to details is the key to the celebrated *chic parisien*.

Contrary to popular belief, the average French woman does not spend more money on clothes than her Israeli sister, but she would never dream of going out in a rumpled dress or shirt, or with accessories which do not match.

Watch them go by, those smartly dressed French women, and then look closer. The tight-fitting blouse in the fashionable shade is made of cheap material and won't last more than a season (like fashion itself) but is a perfect match to its hip-hugging skirt.

The plastic earrings and matching plastic belt have been bought at Prisunic (a chain of inexpensive stores), but they give the finishing touch to the ensemble. The hairdo is in careful disarray, the face has been lightly but expertly made up. A whiff of perfume — *et voilà!*



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Mizrahi Bank profitable again

By PINHAS LANDAU
Post Finance Reporter

TEL AVIV. - Bank Mizrahi yesterday announced that it, too, was beginning to recover from the crisis of 1983. In the first half of this year the bank succeeded in producing an adjusted profit of IS\$74 million or \$1.58 million.

The management review of the bank's activity in the January-June 1984 period gives a detailed picture of the problems the bank faced and the attempt to get to grips with them. Overall, the stress is on restoring the stability of the balance sheet, by selling assets and cutting costs, so as to increase both liquidity and the capital assets ratio.

Mizrahi was less parsimonious in releasing figures in its half-yearly report than the other banks which have reported to date. Thus, a breakdown of the items on the profit and loss report shows an operating loss of IS\$4.2 million, which was offset by extraordinary profits of IS\$5.87b. - all this being nominal terms, before adjustment for inflation.

Mizrahi seems to be the only bank to have suffered a loss on continuing operations, and this is clearly a carry-over from 1983's legacy. Management claims that, as a result of the major sales of assets in the course of the last few months, the financing

costs that gave rise to the loss in the first half will not be repeated in the second.

These asset sales include both real estate and properties, such as branches sold by the bank and leased back, and other properties held as investments but not in use, and also sale of financial assets.

In this respect, Mizrahi realized \$18m. in March this year from the sale of its shares in the Israel Corporation. A more recent sale, of 40 per cent of the equity of the Finance and Trade Bank to Tefahot, generated no profit, since all the companies involved are in the Mizrahi group. But the deal will nevertheless serve to improve the balance sheet structure of Mizrahi itself.

In answer to a question from *The Jerusalem Post*, Dov Naveh, the bank's comptroller, revealed that Mizrahi had set aside \$3m. for possible bad loans. In other words, the bank chose to reduce its reported profit by two-thirds to build up reserves.

Other banks have also claimed to have adopted a conservative approach in presenting their profits for the half-year, though none, so far, have released the amount set aside for doubtful or bad debts.

Despite this high allowance, and despite his fears regarding the difficult period facing the economy, Miz-

rahi managing-director Aharon Meir stressed that the bank had no specific bad debts on its books, or in the offing, and that the set-aside was a precautionary measure.

The reported real profit of IS\$74m. represents a return on equity of 1.8 per cent in annual terms, which is very low in relation to the level of profitability needed to prevent a government take-over in 1988, according to the terms of the "arrangement" of last October.

In this connection, Meir announced that Mizrahi has taken the initiative of setting up a kind of think-tank of academics and people from within the banking industry, to consider how to stave off the threat of nationalisation. The two main areas which need to be reformed, in Meir's opinion, are the discriminatory taxes levied on banks, and the large sectors of activity where no profits can be made, such as *pa'am* accounts.

Meir would like to see this informal committee idea taken up by the government and institutionalized so that the issues involved are thoroughly thrashed out in good time. He does not want the hasty circumstances under which the "arrangement" was cobbled together to be repeated.

The bank's adjusted balance sheet grew by 5 per cent in the first half of



Aharon Meir (Israel Sun)

1984, as a result of the asset sales noted above, which involved property revaluations. The adjusted capital also grew, and the amount due to outside shareholders fell. Total equity stands at 3.85 per cent of total assets, at \$179m. out of the \$4.7b. balance-sheet total.

The bank also gave a full report of its cost-cutting activities. It is clear, however, that the major savings are being made by cancelling planned investments in buildings for a management and computer centre. On the income side, the introduction of positive interest rate differentials - one of the main loss areas of 1983 - has been a major contribution to a more rational and profitable use of the bank's resources.

Andin refuses to pay claim, says it is being cheated

TEL AVIV. - Andin, the jewelry and diamond company, has been accused by the Zebra Diamond company of refusing to pay a claim for some \$300,000. Andin claims in turn that it is the victim of an attempted fraud.

Andin was responding to the inquiry made by the stock exchange management following publication of the claims and counter-claims in *Yedioth Aharanot* yesterday. According to the company, an attempted fraud on the part of one of its employees was discovered in July and a complaint lodged with the police. This resulted in the employee being arrested and held for eight days while the police conducted their investigation.

According to the newspaper story, after the suspect was released on bail, Andin's management began to suspect that the supplier (Zebra) and the accused buyer were in league to defraud Andin, and they therefore refused to pay for the goods that other employees had bought, and that they had, on their own admission, received.

Yitzhak Hod and David Kami, the owners of Zebra, in their claim before the Tel Aviv District Court, say that Andin's behaviour is unjustified and that they have no connection with the fraud, if there was one, at Andin. They further charge that the police investigation revealed grave facts regarding the business procedures at Andin.

Amongst other things, there was no control or follow-up after diamond purchases, and there is a discrepancy between actual purchases and book entries, over a long period. Hod and Kami also claim that Andin has stopped paying other diamond dealers who sold its goods, and that these dealers intend to enter their own claims against Andin.

However, Andin told the stock exchange that there has been no interruption in the smooth running of the company or in its relations with suppliers who were not involved in the incident. The company also noted that, as of yesterday, it had received no claim in the above matter and therefore it could not comment on anything said in such a claim, if it exists at all.

The remedy: hard work, better leadership 'The wolf is at the door' is warning by Moshe Sanbar

By PINHAS LANDAU
Post Finance Reporter

"The economy is in such a ruinous state that we have difficulty supporting the country in its old borders, yet the politicians squabble over minister and deputy-minister positions. Broad consensus on the main elements of an economic recovery plan should be the basis for action, even by a caretaker government, instead of phoney disputes over the details of alternative plans put forward."

These were some of the sentiments expressed on Tuesday by Moshe Sanbar, past governor of the Bank of Israel, speaking to the Jerusalem Economic Club, at the Moriah hotel. Sanbar pulled no punches in sharply criticising the policies that had brought the economy to its low point, and the indifference displayed by politicians of all parties to the country's current plight.

Sanbar noted that the continuing fall in foreign currency reserves indicated that Israel can no longer raise new loans abroad. He said that if the reserves were defined according to criteria used during his governorship, the figure today would approach zero.

The programmes for turning the economy around all centre on the

need to cut the government's budget by a large amount. Admitting that this would lead to large-scale unemployment, Sanbar said that the only alternative was the far worse, uncontrolled recession that would come from allowing the country's foreign currency reserves to continue to disappear. Because of the cumulative impact of the continuing fall in reserves, the country might find itself facing an unorthodox but more realistic form of arithmetic in which 2 (billion dollars of reserves) - 1 = 0. In other words, after a certain point, even existing loans would be withdrawn.

Apart from cutting the budget, Sanbar supported offering improved terms for longer-term saving.

The existence of the "grey market" for credit is another source of concern, in Sanbar's opinion. The Bank of Israel's restrictive policy affects a smaller and smaller area of the economy, as more and more is made of loans from outside the banking system. The very high real interest rates in force are "beyond the danger level."

Sanbar's formula for recovery is simple and direct: "hard work, better management and, above all, more responsible leadership."

Finance and Trade balance sheet down 50%

By PINHAS LANDAU
Post Finance Reporter

TEL AVIV. - Finance and Trade Bank, a Mizrahi subsidiary recently transferred to Tefahot's control has reported a drop of almost half in its adjusted balance sheet for June 30, 1984, compared to that of end-1983. The bank made a small adjusted profit of IS\$2.7 million in the first half of this year, after losing IS\$110m. in the same period of 1983.

These are the main facts to emerge from the figures published by the bank recently. However, the management's review of activities in the period covered, is incomplete, contains inaccuracies and ignores the requirements for half-yearly reports published by the stock exchange in June of this year, and amplified in July.

The basic requirement made by the exchange management from companies whose shares are traded is to include with the figures "an analysis of the results of business activities in the interim period, with emphasis on the differences between the results in the interim period (i.e. the half-year being reported) and the equivalent period in the preceding year." Another requirement is to give details of events occurring after the date of the interim period being

reported, which are likely to have significant impact on the company's business activities or results.

Finally, management is required to publish "any further relevant information relating to the interim period, which is significant, in management's opinion, from the viewpoint of investors." In light of these requirements, the following questions suggest themselves: The management's review notes that the bank's balance sheet was IS\$7.1 billion (in nominal terms, the adjusted figure of IS\$7.3b. is not mentioned). Why is no comparison made to either mid-1983, as the exchange requires, or to end-1983, as the Examiner of Banks at the Bank of Israel required from the banks for these reports?

Why is the adjusted balance figure not mentioned? Above all, why is the massive drop in the size of the balance-sheet not noted, let alone discussed and analyzed, as is logical and also mandatory? Is this not "relevant information?" Or is it of no significance to investors, in management's opinion?

When asked by *The Jerusalem Post* as to this extraordinary omission, Finance and Trade's chairman, Moshe Man (who became official boss after Tefahot which he heads,

bought 40 per cent of Finance and Trade from Mizrahi), indicated that in his view the decline of 50 per cent was not of importance.

"Since the end of 1983 many customers have closed their *tapas* and *pakam* short-term deposits, because we are not prepared to pay as high interest rates on these as are available elsewhere. Other banks have liquidity problems and are willing to pay these rates for the funds, but Finance and Trade has no liquidity deficit and therefore does not need to bid for money," was Man's reply. Furthermore, he noted, "even the big banks are learning that what is important is profitability and not size, and that is indeed the case. As you see, we have regained profitability, even though the balance sheet has declined." Another "minor" omission from the management's review was any mention of the fact that the bank had effectively changed hands just after the end of the half-year being reported, and that Tefahot intends to set about the hitherto dormant bank, with grandiose plans of expansion, including overseas. If this doesn't fall into the category of "events after the interim period report date that are likely to cause a significant change in the bank's business position," then one is hard put

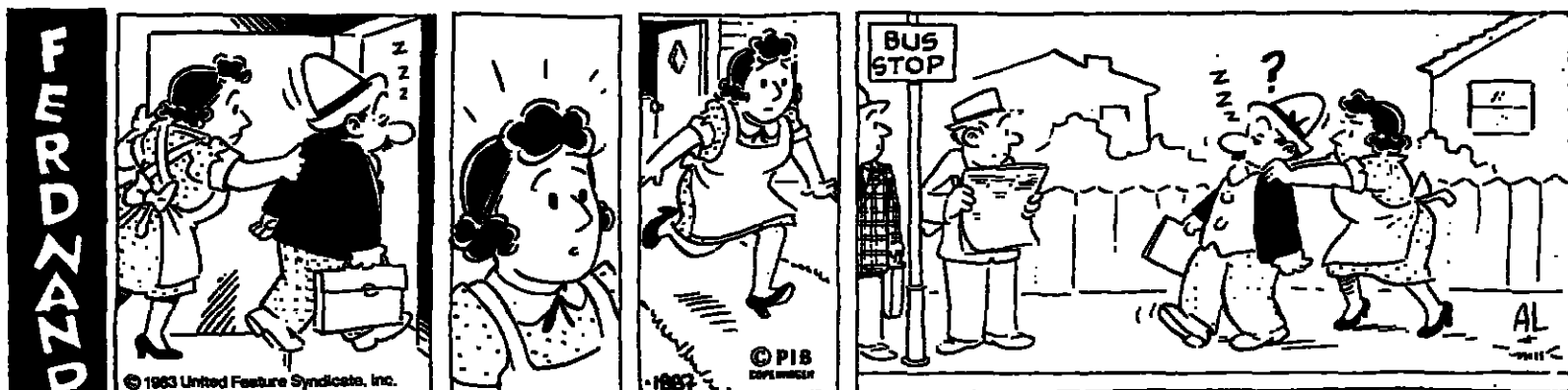
to know what does fit the bill.

The review also notes that this year's IS\$2.7m. profit in January-June compares to an adjusted loss of IS\$28m. in the first half of 1983. The discrepancy is simply the difference between the original loss of IS\$28m. in 1983 shekels and the updated value of that loss in June 1984 - IS\$110m. The fact that Finance and Trade finished 1983 with an adjusted profit of IS\$10m., also a fact and comparison of some interest, is not noted either.

The omissions and mistakes (if such they are) of the management review are duplicated in the press release, so that one paper wrote "the bank's balance sheet rose to IS\$7b. from IS\$4.5b. at the end of 1983." Some growth!

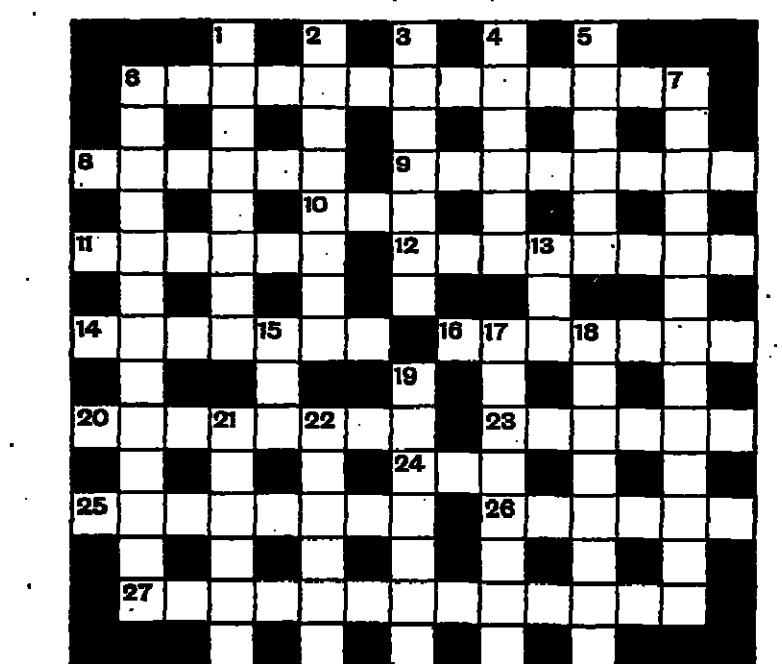
The stock exchange told *The Post* that it is looking into the matter. Unfortunately, the exchange has no real powers in this respect, and can do no more than reprimand a company which ignores its directives. Shareholders and, in this case, depositors, may have to watch out for themselves.

OIL. - Geologists have discovered a new oil deposit in the western Siberian oil-producing region of Tynmen, the Soviet Communist Party newspaper *Pravda* said yesterday.



ONE-AND-ONE CROSSWORD

- ACROSS**
- 6 A lady whose pretences are not to be taken seriously (6, 7)
 - 8 Master-switch for current (6)
 - 9 It shows rashness, yet in retrospect there's merit in it (8)
 - 10 Old boy taken aback by a giant crusher (3)
 - 11 Complete account of what the early Christians did in Ireland? (8)
 - 12 Conventual act Simon made a hash of (8)
 - 14 Do we end without or with financial support? (7)
 - 16 I get all involved in husbandry (7)
 - 20 One who bears witness at a trial or later (8)
 - 23 Currently it has two banks in Dublin (6)
 - 24 Nevertheless, you expect them initially (3)
 - 25 Ailing sailor taking out a small loan for a dish of cream (8)
 - 26 Put in charge again? (6)
 - 27 Parenthetically one has to earn big money to get in it (6, 7)
- DOWN**
- 1 In favourite before I go and get skin trouble (8)
 - 2 A bed made carelessly by George Eliot (4, 4)
 - 3 Plucky little bodies on the poultry farm? (7)
 - 4 Part of a flower seen in a most amenable plot (6)
 - 5 They beat one of Scotland's premier sides (6)
 - 6 A three-line whip in triph cate? (3-1-4-5)
 - 7 A bird in its nest protected by law against eviction (7, 8)
 - 13 Every penny Capone left? (3)
 - 15 Is no longer a subversive proverb (3)
 - 17 Abuse can make it taller (3-5)
 - 18 True to appearances I tell out with Eisenhower (7)
 - 19 A schoolboy howler? (5-4)
 - 21 Old clothing measure or a place where there are rock temples in India (6)
 - 22 Apocryphal character for whom I turn a wooden clog out (6)



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- "Mental Health First Aid" Tel.: Jerusalem 69911. Tel Aviv 253111. Haifa 67222.
BeerSheva 418111. Netanya 35316.
- For information on Battered Women Shelters call Family Violence Service - 03-231679/235922 or any of the Rape Crisis Centre or Eran hot lines.
- Jerusalem Center for Drug Abuse and Misuse Intervention. Tel. 663828, 663902.
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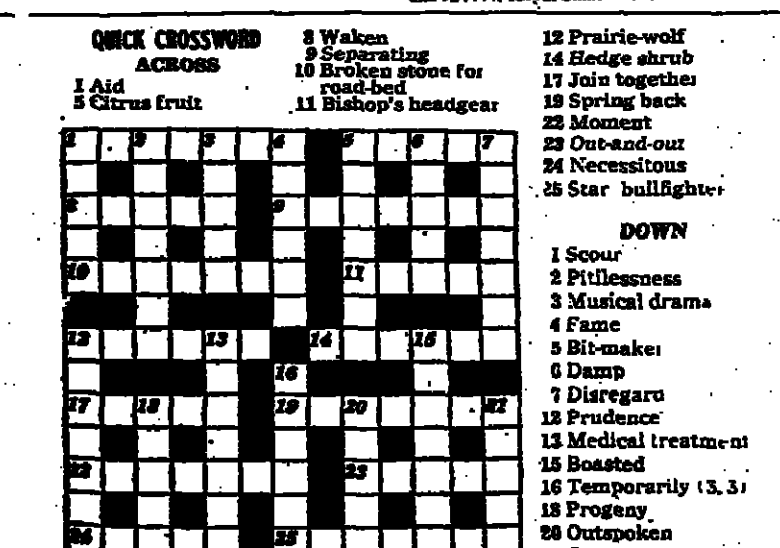
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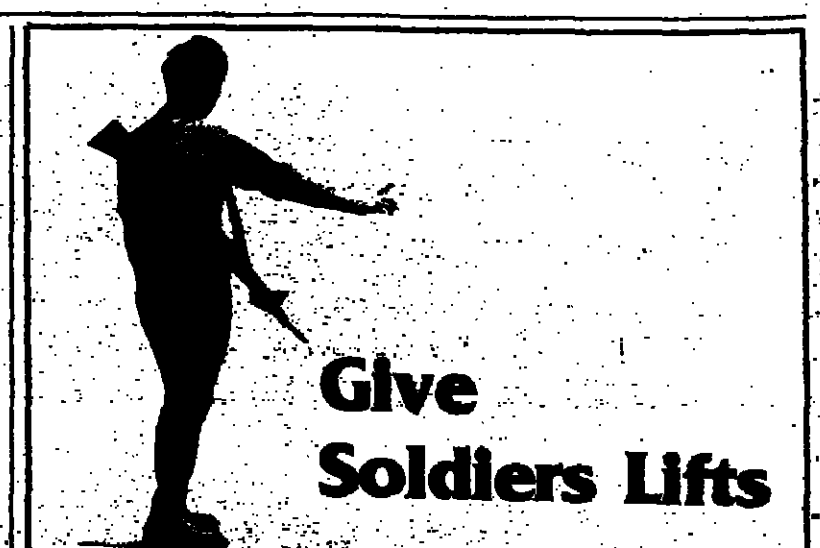
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- QUICK CROSSWORD**
- 1 Aid
2 Citrus fruit
3 Waken
4 Separating
5 Broken stone for road-bed
6 Bishop's headgear
7 Prairie-wolf
8 Hedge shrub
9 Join together
10 Spring back
11 Moment
12 Out-and-out
13 Necessitous
14 Star bullfight
- DOWN**
- 1 Scour
2 Pithlessness
3 Musical drama
4 Fame
5 Blunderer
6 Damp
7 Disregard
8 Prudence
9 Medical treatment
10 Boasted
11 Temporarily (3, 3)
12 Progeny
13 Outspoken
14 German engraver



News of unity gov't sparks rally

exchange lost no time

absorbing the implica-

approachement between

parties, that broke on

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the imminent agreement

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of activity.

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to the IS390 mark, in

day afternoon.

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urgent measures that

are awaiting the

and finance ministers in

the Bank of Israel,

rising that rumours of a

revelation should start to be

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desirable at all. If it

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ids in the non-bank sec-

while this is an increase

Tel Aviv Stock Exchange

By PINHAS LANDAU

over the recent average, it is still only the equivalent of some \$600,000. It was the breadth of the advances, not their size or the volume that accompanied them, that was the main positive feature of the day.

The overall advance/decline ratio jumped to 4:1, and sharp rises were ahead of sharply falling issues by 6:1. Against 36 issues that were marked "buyers only" for the first or subsequent times, only 1 was registered "sellers only."

The atmosphere was so aggressively bullish, that even seasoned traders were surprised at their own reactions - perhaps because they have become used to the enforced boredom of the last weeks of very low turnovers. Floor-traders squabbled over the offers that appeared in some issues, while in many others large bids caused prices to jump by 5 or 10 per cent, and even more in some cases.

Beyond the immediate euphoria, the question that is on everyone's mind is how long this atmosphere and these rises can last. Opinions vary, but all are agreed that at this stage the market will continue to be led by the political developments. The market is clearly of the opinion that any government will have no choice but to produce a policy and programme immediately, and start with its implementation forthwith.

Thus the market is looking only to hear good news (from its point of view), and will probably continue to ignore any hiccups in the negotiating process, as it has done till now. In this, it has proved itself more astute than most of the political commentators, and indeed, than many politicians.

Announcements: Mizrahi Bank published its half-yearly results. The bank made an adjusted profit of IS374 million. See story on page 6 for details.

MARKET STATISTICS

Indices

General Share Index	328.35	+1.55%
Non-bank Index	238.90	+2.88%
Bank Index	390.39	+0.48%
Industrials	261.04	+2.74%
Bond Index	304.35	+0.90%

Turnovers

Shares	IS 927.7m.
Bonds	IS 1235.3m.
Advances	299
Declines	73
of which 5% +	105
of which 5% -	17
"Buyers only"	36
"Sellers only"	1

Bond market trends

4% fully-linked:	Rises to 3%
3% fully-linked:	Rises to 1%
80% linked:	Stable/Rises to 2%
90% linked:	Unchanged
Double-option:	Stable/Rises to 3%
Dollar-linked:	Rises to 4%

Most Active Shares

Lumi	5370	IS213.5m.	n.c.
IDB	12390	IS142.6m.	n.c.
Hapoim	8401	IS129.6m.	+80

Sharpest Moves

Tip-Top op.	35	+12	+27.9%
Pargod op.	89	+15	+20.3%
Yahalom Hotel op.	136	+21	+18.3%

Cial Computers reported an adjusted loss of IS188.8m. for the period January-June 1984, compared to an adjusted profit of IS28m. in the same period last year.

Tadris Cement ISI Shares. The exchange halted trading in this share once again in view of the irregular orders entered. An attempt to transact orderly trading was made, but after the share rose by 150 per cent, there was still no balance between supply and demand. Trading will be resumed after the exchange has clarified the exact spread of shareholdings among the public.

LONDON BANK RATES

September 5, 1984

	prev.	close
Bank base rate	10 1/2	10 1/2
Call money	12	12
91 day treasury	10 1/2	10 1/2
3-months interbank	10 1/2	11 1/2

Lloyds Bank International, London

Norway to build world's biggest cruise ship

OSLO. - The Norwegian shipping company Klostor has commissioned a Danish engineer to design a new giant cruise ship able to carry 5,000 passengers.

Klostor already owns the world's biggest passenger vessel, the SS Norway, but the newly planned vessel will be three times as large.

The Danish engineer, Tage Wandborg, was also behind the conversion of the SS Norway, formerly the France. His new assignment involves designing a huge floating hotel on which the guests will have so many forms of entertainment to choose from, that they will feel no need to go ashore. The new vessel will not go to port at all in the course of a regular cruise. However, a special "port" will be built on board the ship, so that passengers who wish to make trips to shore can do so in small boats.

Wandborg believes that his ship will be so fascinating in itself that the passengers will prefer to remain on board. Attractions will include a congress centre, a casino, shops and bars. A crew of 1,800 will attend to the needs of the 5,000 passengers.

Bank of Israel exchange rates

September 5, 1984		IS
U.S. dollar		338.50
British sterling		434.62
German mark		114.98
French franc		37.471
Dutch guilder		101.88
Swiss franc		137.53
Swedish krona		40.135
Norwegian krone		40.226
Denmark krone		31.680
Finland mark		55.034
Canadian dollar		260.47
Australian dollar		281.46
South African rand		206.43
Belgian franc (10)		57.061
Austrian schilling (10)		186.48
Japanese yen (100)		138.59
Spanish peseta (100)		202.51
Jordanian dinar		853.02
Lebanese lira		50.520
Egyptian pound		277.57

Commercial Banks

Closing price	Volume	Change	% change
433	113	+39	+9.9
208	54	n.c.	-
250	32	n.c.	-
630	238	+36	+6.1
646	22	+6	+0.9
Yarden Hotel	440	+24	+5.5
Yahalom	112	b.o.1	+5.2
Yahalom op.	136	100	+21

Commercial Banks (part of "arrangement")

Closing price	Volume	Change	% change
12390	1151	n.c.	-
IDB	13000	8	+15.2
IDB op.	80300	n.c.	-
Leumi	5370	176	n.c.
Discount B	16300	3	+10.0
Discount A	16005	285	+18.1
Discount C	1865	165	-35
Mizrahi	n.c.	n.c.	-
Mizrahi op.	n.c.	n.c.	-
Mizrahi op.	n.c.	n.c.	-

Real Estate, Building

Closing price	Volume	Change	% change
639	8	n.c.	-
577	84	+5	+0.9
162	1076	+14	+9.8
73	2298	+5	+7.4
351	336	+25	+7.5
74	200	+14	+6.0
57	40	n.c.	-
183	125	+24	+15.1
132	100	+4	+3.1
142	b.o.1	+7	+5.2
94	20	+13	+16.7
1723	6	+5	+0.3
1671	n.c.	n.c.	-
54	8	n.c.	-
841	96	n.c.	-
297	20	+5	+1.7
380	3	+10	+2.7
235	182	n.c.	-
141	238	+6	+4.4
89	100	+7	+8.5
292	70	+7	+2.5
238	6	+9	+7.0
117	364	+4	+3.5
98	50	n.c.	-

Financial Institutions

Closing price	Volume	Change	% change
104	1139	+4	+4.0
1302	n.c.	n.c.	-
12390	n.c.	n.c.	-
27500	n.c.	n.c.	-
1099	n.c.	n.c.	-
1106	n.c.	n.c.	-
28200	n.c.	n.c.	-
1235	31	+3	+0.2
45800	3	+3500	+8.3
45800	1	+2000	+4.6
39700	n.c.	n.c.	-
12455	n.c.	n.c.	-
465	200	+37	+10.0
31753	n.c.	n.c.	-
132	b.o.1	+15	+4.9
190	b.o.1	+45	+5.0
2204	55	+40	+1.9

Insurance

Closing price	Volume	Change	% change
483	b.o.1	+23	+5.0
291	11	+16	+5.8
5800	n.c.	n.c.	-
232	b.o.3	+24	+4.9
625	n.c.	n.c.	-
190	20	n.c.	-
317	8	+28	+9.7
125	312	n.c.	-
2000	4	n.c.	-
530	31	+13	+2.5
1585	60	n.c.	-
1096	n.c.	n.c.	-
457	b.o.1	+22	+5.1
192	288	+16	+9.1
132	93	+17	+15.2
3100	n.c.	n.c.	-
695	75	+15	+2.2
536	132	+56	+10.0
492	76	+23	+4.9
606	34	+8	+1.3
231	56	n.c.	-

Trade & Services

Closing price	Volume	Change	% change
415	5	+18	+4.5
155	n.c.	n.c.	-
52	446	+5	+8.8
660	224	+35	+5.6
411	120	n.c.	-
212	b.o.2	+10	+5.0
180	n.c.	n.c.	-
22	2355	n.c.	-
333	330	+30	+9.9
279	36	+20	+7.7
3782	2	+180	+5.0
785	n.c.	n.c.	-
1790	b.o.1	+85	+5.0
745	b.o.1	+35	+4.9

Services

Closing price	Volume	Change	% change
2435	109	n.c.	-
2035	12	+35	+1.8
1078	12	-140	-7.4
1078	12	-140	-7.4
1078	12	-140	-7.4
1078	12	-140	-7.4
1078	12	-140	-7.4
1078	12	-140	-7.4
1078	12	-140	-7.4
1078	12	-140	-7.4
1078	12	-140	-7.4

Food and Tobacco

Closing price	Volume	Change	% change
389	27	n.c.	-
361	44	+21	+6.2
105	100	+6	+6.1
34	150	n.c.	-
163	148	n.c.	-
69	39	+2	+3.0
56	n.c.	n.c.	-
1290	10	-30	-1.5
1280	34	+50	+4.1
719	16	+2	+0.3
474	60	-32	-6.3
459	36	n.c.	-

Hotels, Tourism

Closing price	Volume	Change	% change
4478	b.o.2	+213	+5.0
1507	83	+160	+11.9

Textiles and Clothing

Closing price	Volume	Change	% change
172	n.c.	n.c.	-
228	55	+2	+0.9
485	n.c.	n.c.	-
261	n.c.	n.c.	-
60	25	n.c.	-
95	20	n.c.	-
50	30	n.c.	-
127	304	n.c.	-
82	61	+3	+3.7
828	14	+8	+1.0
65	208	+3	+4.8
56	315	+1	+1.8
25	2135	+1	+1.1
463	49	+5	+1.1
367	54	n.c.	-
97	n.c.	n.c.	-
49	274	-4	-7.6
29	233	-1	-4.8
178	70	n.c.	-
110	n.c.	n.c.	-
211	20	-10	-4.5
75	n.c.	n.c.	-
150	n.c.	n.c.	-
70	101	-5	-6.7

Metals and Metal Products

		Chl Comp.
		Chl Comp. op
n.c.	-	M.L.L. 1
+150	+1.2	M.L.L. 5
n.c.	-	M.L.L. op
n.c.	-	Mashov
+100	+6	Nikuv 1
+185	+1.2	Nikuv 5
-35	-1.8	Nikuv op
		Team 1
		Team op

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Arti Roth
Editor and
Managing Director

Erwin Kronen
Editor

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Reason prevails

EVERYTHING else being equal, prime minister-designate Shimon Peres should be able to present a national unity government some time next week - seven weeks after the July elections. The Labour Alignment and the Herut-Liberal Likud will join forces and share the power of the land because this is the only way out of the political impasse created by the election results.

Weeks of almost around the clock coalition negotiations during which both major parties sought to block each other's chances of forming a narrow coalition cabinet brought them back to square one. But in the end - reason prevailed and both Labour and the Likud opted for the national unity parity solution, giving each side an equal share in the weight and number of cabinet portfolios.

The fact that Mr. Peres will head the government during the first half of the over four-year tenure of the unity cabinet is a proper reflection of the election results, as well as of his tireless efforts to put a governing coalition together, despite the large share of the small splinter parties in the Eleventh Knesset.

But one should also appreciate the responsible attitude of both outgoing Prime Minister Yitzhak Shamir and Defence Minister Moshe Arens who made a strong case for a unity government within their own party, fully knowing that they will have to give up the two top cabinet posts.

There are already some welcome signs of the political cooperation by the country's two major parties, as the finishing touches are being put on the coalition agreement. Apart from the softening of the nationalist trend of Israel's last two Likud-led governments, the bargaining power and political blackmail ability of the religious parties has already been considerably weakened.

Moreover, the intensive talks at various levels between Labour and Likud leaders and Knesset members have already created a certain new dimension of their own. In life, as in politics, one can often make a virtue of necessity.

It is now 14 years since Israel's first attempt at national unity broke up because former prime minister Menachem Begin - at the time leader of the Gahal component in the Labour-led unity government headed by the late Golda Meir - refused to sit in a cabinet which agreed to accept the 242 UN resolution of 1967 as being applicable to all of Israel's borders. The Liberal wing of Gahal as well as then transport minister Ezer Weizman opposed leaving the unity government and Mr. Begin carried the vote in the party's central committee only by a three-vote majority.

Both Labour and the Likud have come a long way since. Mr. Begin signed the Camp David agreements six years ago, which are based on resolution 242 and represent official government policy, and Mr. Weizman will be a senior member of the new national unity government as part of the Labour Alignment. The day-to-day coexistence in such a government might yet create new, unforeseen alliances. Judging by the negative attitude of the ultra-nationalist Tehiya party, one can already assume that the unity government is likely to move from extreme positions towards the centre.

It is regrettable that Labour's left-wing Alignment member Mapam could not see its way towards adopting a pragmatic attitude and will decide to bolt the Alignment and move into the opposition.

But now that the new government is to be presented to the Knesset without much further delay, it has to get down to business right away. Needless to say that its first and most urgent item on the agenda is tackling the dangerous state of our economy.

Mr. Peres will now have ample opportunity to prove that he can be a good leader of a team which will have to take the country out of its present morass.

Moscow cracks the whip

ONCE AGAIN, Erich Honecker, the head of East Germany's government and party, has called off his state visit to West Germany. A year ago, the ostensible reason for postponing the long-awaited first visit of the German Democratic Republic's leader was that influential voices in West Germany, led by Bavaria's strongman Franz Josef Strauss, cried foul murder when a West German tourist died of a heart attack while being detained by East German customs officials. This time, the reasons for the cancellation of Honecker's visit to Bonn go deeper and have much more far-reaching implications.

It has been evident for some time that Honecker, who has for the past two years made a steadfast and valiant effort to develop a *Westpolitik* of his own, has come under heavy fire from Moscow, directly and indirectly, for pursuing a course of cautious independence and trying to maintain an opening to the West through closer ties with the bigger half of Germany.

There were, of course, economic considerations behind that policy. The German Democratic Republic, priding itself on its own economic miracle in becoming the Soviet bloc's leading industrial country, has been paying a heavy price for its privileged trade conditions with the German Federal Republic. A large part of the burden of keeping Poland afloat has fallen upon East Germany, and Moscow has been pressing Pankov to supply more and better goods to the Soviet Union instead of exporting them lucratively to the West.

West German credits to East Germany have therefore gone far in greasing the relationship between the two German states. It is nevertheless superficial to believe that credits and commerce are what has motivated Erich Honecker to maintain a bridge to West Germany even after the Pershing II missiles have been stationed in the Federal Republic and the icicles of a new cold war have closed the cracks in the Iron Curtain that were opened during the period of East-West detente.

What unites the two Germanies is the horrendous awareness that the fault line between East and West runs through their countries and that any armed conflict that might break out will leave both Germanies in ashes even if it stops short of a nuclear Armageddon. East Germans are acutely aware that, 39 years after the end of World War II, they are still an occupied country, whose sovereign powers go just as far, and no further, than the occupying power permits. They believe, and make themselves believe, that the same holds true for West Germany, which in the last resort is constrained to do Washington's bidding.

Honecker, encouraged during the brief Andropov period, has been making an effort to defuse the tensions that neared the breaking point after West Germany went ahead with the stationing of the Pershing missiles.

Moscow has apparently interpreted this as a move towards what might become a European neutralism, led by the two Germanies. It is the counterpart of the charges of neutralism that have been levelled at West Germany's Social Democrats because they wanted the stationing of new nuclear weapons postponed, at least, until all avenues of East-West negotiations had been explored.

The Soviet veto on Honecker's visit to Bonn is also a sharp reminder to all its other satellites that Moscow will not brook any independent openings to the West that go beyond what is in Moscow's own interest. Trade, it seems, is permissible and even welcome. But any move towards relations between its client states and the West that takes on a political hue will sooner, rather than later, invite the crack of the whip.

What remains to be seen is whether Erich Honecker's leadership of East Germany will survive this latest humiliation of being disciplined by Moscow.

The territories: a costly burden

By DAVID RICHARDSON

AS WE CONTINUE to slip further and faster into economic bankruptcy, the issue that so clearly divides the country down the middle seems to have faded from view. What is to become of the West Bank and Gaza and the 1.3 million Palestinians who live there and insist on their right to self-determination?

The debate over the future of the territories has always focused on demographics, politics, morality and security. The economic costs or benefits of withdrawal or continued occupation and de facto annexation have never really been systematically addressed.

But now, a recent study by a Tel Aviv University economist indicates that were Israel to give up the West Bank and Gaza as part of a peace settlement, its gross national product (GNP), projected from present trends, would reach \$40b. \$7.5b. more than if the territories were retained. Israel's GNP per capita in 1995 without the territories would reach \$7,690, as against \$6,500 with them.

These projections are included in what will surely be a controversial study by Dr. Simha Bahiri, a senior researcher at the Middle East Economic Cooperation Project of the Interdisciplinary Centre for Technological Analysis and Forecasting at Tel Aviv University. His findings, entitled *Peaceful Separation or Enforced Unity: Economic Consequences for Israel and the West Bank/Gaza Area* have recently been published by the International Centre for Peace in the Middle East.

Bahiri has employed complicated econometric models to forecast population and economic growth for Israel, the West Bank and Gaza and Jordan in 1995, with two scenarios in mind: absorption or separation. His overwhelming conclusion is

that all the countries and populations involved would be significantly better off economically if there were what he terms a "peaceful political separation of the territories from Israel in the framework of an overall regional peace settlement."

Israel's gross civilian product (the GNP, less defence costs) would be 45 per cent higher and \$10b. more after a decade of peace as opposed to the projections based on present trends. The GNP of the West Bank and Gaza would reach \$4.3b. by 1995 if they were separated from Israel and linked in some unspecified way with Jordan. If these territories remained linked to Israel, their GNP would only reach \$2.5b.

POSSIBLY ONE of the most controversial of Bahiri's projections is the dramatic decline in defence expenditure. If Israel continues to control the territories, he forecasts, its defence expenditure in 1995 will reach \$8,450m., expected to constitute 26 per cent of the GNP. Without the territories, defence expenditure will drop to \$5,200m., constituting 13 per cent of the GNP.

Continued possession of the territories "might well necessitate a 62 per cent higher defence expenditure... while the annual increase in the defence budget would exceed the annual GNP growth rate," Bahiri writes.

"My basic assumption is that one cannot have peace with the territories. Even the de facto non-belligerence which some would argue we now have implies large defence budgets and lost exports. Our current defence costs are around a third of the GNP and this directly affects investment in the economy, which is now at its lowest level in years," Bahiri said in an interview.

The researcher predicts that up to 700,000 Palestinians would be absorbed in the West Bank and Gaza between 1985 and 1995, including some 70,000 from Israel (whether directly or via minor border rectifications around Jerusalem) in the event of a peaceful regional resolution of the conflict. Allowing for natural growth as well, the Palestinian population of the West Bank and Gaza would total 2.56 million in 1995 (41 per cent of the world Palestinian population, as opposed to 27 per cent today).

"IN CONTRAST," Bahiri concludes, referring to the continued occupation of the territories, "Arabs would constitute 22 per cent of the population within the Green Line (including East Jerusalem); but nearly 40 per cent of the population of 'Greater Israel'."

A separate West Bank and Gaza entity would see an annual population growth rate of 10.1 per cent in the decade following 1985, as opposed to 4.5 per cent if it remained under Israeli control. (Israel's growth rate between 1950 and 1957 reached 11.6 per cent.) This anticipated dramatic growth is based on a projected massive influx of Palestinian returnees, economic aid from the Arab world and the international community and the area's reintegration into the Arab world.

The Jewish population of Israel without the territories would reach 4.3 million by 1995 - 300,000 more than it would be if the West Bank and Gaza were retained, Bahiri predicts. He envisages 180,000 new immigrants (50 per cent of them from the Soviet Union, which could be expected to ease emigration in the wake of an internationally approved peace settlement), 70,000 returnees and a natural increase of 50,000.

Dry Bones



In 1962, when Algeria finally won independence from France, over 1,000,000 French settlers, some of whom had roots going back several generations, returned to France. They represented one-eighth of the population of Algeria and 2 per cent of the population of metropolitan France.

A similar situation occurred a decade later, when hundreds of thousands of Portuguese colonialists left Angola and Mozambique. Bahiri points out that, in both cases, a high degree of mutually beneficial economic cooperation was established between the former colonial powers of France and Portugal and the newly independent former colonies; this occurred, he notes, after and despite protracted wars and often fierce resistance from the former settlers.

By 1985, just over one per cent of Israel's Jewish population will be settled over the Green Line, and

they will constitute about three per cent of the population of the West Bank and Gaza (excluding East Jerusalem).

"If separation is to take place - and domestic and international realities may make it inevitable - the sooner it is implemented, the less costly such separation will be," Bahiri argues. "The economic benefits accruing to both parties would far exceed" the costs of vacating the area even in view of the precedent established by the exorbitant reparations paid to the settlers who evacuated the Yamit area.

In addition, the sooner a peaceful separation comes about, the greater will be the positive economic impact and "the more likely the development of an economic interdependence leading to a strengthening of the vested interest in peace... choice is still possible," Bahiri concludes.

The writer is a member of the editorial staff of The Jerusalem Post.

Attacking the left

By MORDECHAI BARON

But our success has apparently afforded little peace to the activists of Americans for a Safe Israel.

Although more than four months have passed since then, they have apparently found it necessary to enlist Shmuel Katz, a right-wing leading spokesman, and provide him with distorted and baseless information in their usual way, so that he should be able to attack me in the press (*Ma'ariv* and *The Jerusalem Post*, August 24, 1984).

THE STYLE in which many people of our right are accustomed to delegitimise their opponents on the left and the way in which they attempt to put them beyond the pale is not new, and it came as no surprise to me that Katz, too, uses expressions like "collaborator," whose sole purpose is to cast aspersions on the personal integrity and sagacity of his opponent.

There is also nothing surprising in the fact that Katz's wrath was directed at the U.S. tour *per se*; anyone who is reluctant to risk making peace with the Palestinians will certainly be hostile to the idea of any communication and dialogue, which

by their nature confer a basic legitimacy on the other side as a partner to that dialogue.

One point in particular warrants firm response: namely, the question of whether or not I feel any personal friendship for Milhem. That is irrelevant. From a political and historical viewpoint, Milhem is an opponent, belonging to the enemy camp. He makes no attempt to conceal this fact.

There is, unfortunately, still a bitter war in progress between Zionism and Palestinianism, that feeds on hostility deeply rooted in both camps. Until a historic reconciliation between these two national movements is achieved, the two sides will be in a serious confrontation with each other.

Milhem is a loyal Palestinian and will, therefore, make every effort, orally and in writing, to strengthen the Palestinian cause and weaken the Zionist one.

I consider myself a loyal Zionist (and I don't need any confirmation of this from Katz and colleagues) and I am wholeheartedly ready to

fight with all the means at my disposal to prevent the Palestinians making any political gains in the struggle they are conducting against us. Many people will testify that my contribution to Zionist and Israeli *hasbara* is no less - and at times more - effective than that of people who adopt Katz's stand.

Peace is not made between friends, but between enemies. The cardinal question before us today is how to overcome past hatred and suspicion, the heritage of enmity, and reconcile the two sides, or at least modify their hostility. The question is how to create paths for a fuller dialogue in the future.

The issue, therefore, is not which sentence can be taken out of context from any of the many speeches I have given, or what exactly Milhem said at the height of his struggle against Zionism.

The question is whether our trip contributed anything at all to the encouragement of a long-term peace process in the Middle East, and what kind of image of Israel it created among our audiences.

IT IS NEITHER seemingly nor necessary for me to testify on my own behalf. There are many articles, private letters and conversations which bear witness to the great impression my trip with the Palestinians made on most of those who heard us, both concerning belief in the possibility of dialogue and a positive image of Israel. Gaining the trust of the Palesti-

nians and wide circles among U.S. Jews, and encouraging the sincere willingness of the Israelis to reach a historic compromise, is in constant need of strengthening. And it is not people like Shmuel Katz or the Americans for a Safe Israel who will be capable of performing this important function. Peace will not be achieved through a lecture tour, but insofar as it is possible to make some kind of contribution through talk to the lengthy and complex historical processes, there can be no doubt that the trip I undertook with Palestinian leaders opened a few additional doors to the hopes of generations of Zionists and Palestinians.

And, even more important, a trip of this kind strengthens the positive image of Israel itself.

The official *hasbara* of the Likud government, of which Katz was in charge for a time, may reap not inconsiderable successes amongst certain circles of U.S. Jewish and conservative and reactionary non-Jewish circles. But it stands no chance among liberals and progressives. I have frequently heard of repeated failure on the part of Katz to explain his position to American intellectuals.

This task must be left to groups like Peace Now and the Israeli left. Even from the narrower viewpoint of the success of Israeli *hasbara*, government circles in Israel would do well to realize that the outside world also includes people who do not accept their position; people who do not count Zionism as part of their own creed.

In order to estimate the value of my trip, Katz should turn to the liberal circles we spoke to, and not to his friends from the Jewish right who see their world through the distorting mirror of their narrow concepts.

The writer is a Citizens Rights Movement MK.

READERS' LETTERS

THE POWER OF THE HISTADRUT

To the Editor of The Jerusalem Post Sir, - I am more than ever convinced that the only way Israel will solve its economic problems will be by breaking the Histadrut into several components and thus breaking its stranglehold on the economy.

The Histadrut is a government within a government with no responsibility to the electorate of the country. In the days of the Mandate, it served a very important and useful purpose to thwart the sinister and oppressive British mandatory power. Today, however, when it thwarts the Israel Government, it is a disservice.

No country can function properly when the government is challenged not only by an irresponsible labour monopoly, which is in addition the most powerful conglomerate. A unity government must not only change the political system, but must also break the stranglehold of the Histadrut on the economy.

How can a country function properly when an employer cannot dismiss an employee even for cause? How can a country function properly when labour organizations are permitted to call "wildcat" strikes? Unjustified labour strikes waste more economic assets each year than Jews all over the world contribute to Israel's economy.

Unfortunately, present-day Israel has become a *shomer* nation looking for handouts rather than a proud people determined to solve its economic problems through hard work and austerity. Where is the former pioneering spirit that made Israel a great and proud country? It must be restored and hopefully it will.

MANUEL M. POLIAKOFF
Ashkelon (Baltimore)

LUDWIG SCHWERIN

To the Editor of The Jerusalem Post Sir, - I had the opportunity to read the short assessment of Ludwig Schwerin's life-long labour by Meir Ronnen in your issue of August 17 in connection with the short exhibition of his early works at the Israel Museum.

I was privileged to know Ludwig Schwerin for more than 30 years and have an extensive collection of his work, both pen and wash and more importantly his oils of vivid colour and deep expression. Far from being simply "good with animals," Ludwig was an ever experimenting craftsman of the highest order, with a vivid imagination and a considerable sense of humour which frequently crept into his work in a subtle fashion.

I understand that an exhibition of some of his work will also be staged in Ramat Gan later this year, and I hope that it will be fully representative of the wide range of his activities.

K.J. GRADON
London.

THANKS TO AACI

To the Editor of The Jerusalem Post Sir, - There are many religious organizations which try to "save a soul." There is one organization here which tries to "save immigrants" and succeeds: the Association of Americans and Canadians in Israel.

From my own experience and the experience of many friends, I can say with certainty that the AACI does everything in its power to ease the way for immigrants. I personally, don't know what I would have done without the warm, friendly, helpful Jerusalem AACI office.

YEHUDIT HENDRY
Jerusalem.

PENFRIENDS

YVONE FRILUND (28), of Gustaf Adolfsgatan 28 B, SF-66900 Nykarleby, Finland, is married and the mother of two sons and would like to correspond with an Israeli woman of her age. She is interested in music and languages.

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